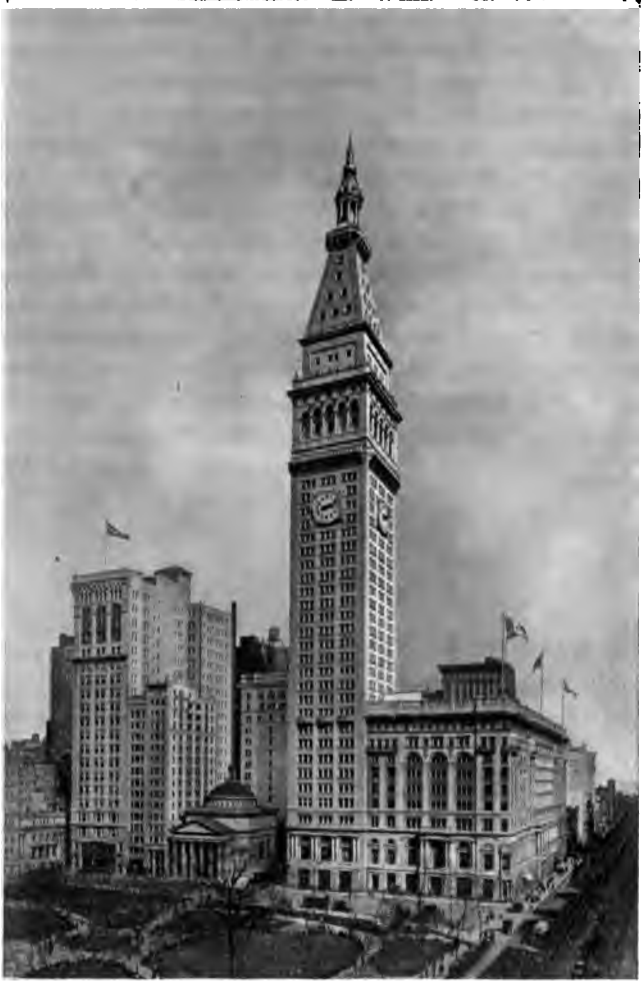

HOME OFFICE, 1 MADISON AVENUE

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An Epoch in Life Insurance

TWENTY-FIVE YEARS OF ADMINISTRATION OF THE METROPOLITAN LIFE INSURANCE COMPANY

HALEY FISKE, *Vice-President*
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New York, January, 1917

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An Epoch in Life Insurance

We think it accurate to set apart the twenty-five years from the end of 1891 to the close of 1916 as an epoch in life insurance. There has been a radical, even revolutionary, change in the business in that period. The present administration of the Metropolitan Life Insurance Company began October 7, 1891, and therefore has been in office throughout that epoch. The changes in the operation of life insurance have been all improvements, and in these changes the Metropolitan has been in the forefront and in nearly all of them the pioneer. It has consistently and constantly led the way. It has not waited for the passage of statutes. The law has followed the Metropolitan's voluntary reforms.

A Revolution in Ordinary Insurance.

Take first, what is known as Ordinary insurance—that is, insurance written on annual, semi-annual and quarterly premiums.

The quarter-century has witnessed a revolution in the regular life insurance business. Starting at a time when the business was debauched by deferred dividend extravagances, setting its face against the whole system, steadily pursuing the non-participating plan of insurance at low premiums, which furnished no inducements to gamble for profits and left no margin for rebates, resisting all temptation to grow by the accumulation of large assets and "surplus" from participating rates and deferred dividends, resolutely determined to trust its fortunes to the work of Industrial Agents, patiently instructing these untrained men to write Ordinary insurance, the Company has gone on to unexampled triumph. Its vindication came with the Armstrong investigation. Its crown is the splendid total of over fourteen hundred and fifty millions of insurance in force at the end of 1916, practically all of which has been placed during the last twenty-five years.

The administration first resolved to issue policies in the Ordinary Department, as was always the rule in the Industrial, upon the non-participating plan. It saw the evils of Tontine insurance, which was then in the full tide of success and was

building up for the leading companies enormous amounts of insurance, of assets and of so-called surplus. The first manual issued to our men was entitled "Plain Business Policies for Plain Business Men," and, after pointing out the objections to the fashionable type of insurance, proceeded: "The Metropolitan believes the time has come when the plain common-sense men who make up the bulk of the life insurance policy-holders are looking for a plain business contract. By plain business contracts we mean those that tell their whole story upon their face; which leave nothing to the imagination; borrow nothing from hope; require definite conditions and make definite promises in dollars and cents."

That has been called the "Creed" of the Company and has been its platform of principles to which it has adhered. The system it adopted compelled economy. Its vindication came, as we have said, with the Armstrong investigation, which made further Tontine, or deferred dividend policies, illegal.

The Armstrong laws made other revolutionary changes. They contained a section limiting expenses for the procurement of new business. *The authors justified the fixed limitation by the experience of the Metropolitan Life.*

They put a limitation upon total expenses. *They exempted the Metropolitan from this limitation altogether in order to prevent the necessity of increasing the premiums which the limitation would have imposed upon non-participating companies.*

When the Metropolitan became a mutual Company the Legislature passed a special statute enlarging the limitation upon total expenses so that the Company should not be compelled to increase its premiums except upon one special low-priced plan.

For the Metropolitan had done another revolutionary thing. In 1915 it began the issue of participating policies upon non-participating premiums. This was unknown in the past history of the business. *It did not raise its premium rates when it became a mutual Company.* It thus remained true to its Creed. It began to pay dividends upon its old non-participating policies with a duration of five and more years. *Mutualized in 1915, of its dividend of $3,660,000, to be paid in 1916, the sum of $2,260,-000 was apportioned to those policies which declared themselves, when issued, not entitled to participation.*

The mutualization itself was revolutionary. The Metropolitan was the first stock Company to become mutual under the provisions of the Armstrong laws. The example has been

followed by two other companies. But the price paid above par for retiring the stock was far less than was paid by the other companies. This price was only sixty per cent. of what the stockholders were offered by outside investors.

The establishment of the Intermediate Branch was a revolution in itself. It opened the door to Ordinary insurance to millions of people to whom the door had been theretofore closed. It took away the reproach from the Industrial insurance business that working people were compelled to pay too much for insurance. Industrial insurance is costly, owing to the high death rate among labouring people and to the necessary system of weekly collection of premiums; and no Ordinary company had offered its policies to them because of this high mortality, because the minimum policy they could afford to pay for was too small and because it was not believed they could pay quarterly, much less annually. In 1896 the Metropolitan began to issue what it called Intermediate policies for $500 each upon annual, semi-annual and quarterly premiums. Having no experience of the mortality to be expected, it based its premiums upon its Industrial table and added a low Ordinary loading; and agreed to keep the Intermediate business in a separate class, and if the mortality should prove more favourable, to pay dividends. It issued millions of this insurance and paid dividends such as on some plans reduced the cost to a less amount than was paid for Ordinary insurance; and, when the Armstrong laws prevented the issue of participating policies by non-participating companies, it prepared new tables of net premiums founded upon its ten years of experience, had the mortality tables adopted by the State as standard tables, and continued to issue cheap Ordinary insurance to working people. It has in force over 800,000 of these policies for over $400,000,000. Since mutualization of course these policies have received the dividends they earn.

The Company was among the first to meet in a scientific way another demand—that for insurance by sub-standard or under average risks. It issued in 1899, policies at Ordinary rates with liens based upon the assumption of double the mortality shown by the Actuaries' table, and agreed to keep the policies in a class and to pay dividends if earned, first in the reduction of the liens and, if these should be cancelled, to pay dividends in cash. It named the policies "Special Class." The result was that on some plans the liens were wiped out, cash dividends paid and

the net cost reduced below standard Ordinary premiums. When the Armstrong laws stopped the issue of participating policies by non-participating companies, it prepared new tables of mortality founded upon its own experience, and had the tables adopted by the State as standard tables. Since mutualization these policies are, of course, participating. The Company has $39,000,000 of Special Class insurance in force.

The issue of the $5,000 whole life policies, hereafter described, whereby we are offering to specially selected high-class risks the lower premiums to which their situation in life entitle them, has created more stir in the life insurance world than anything else we have done. It has had the effect of influencing reduction of premiums in competition.

A Revolution in Industrial Insurance.

Take, next, what is known as Industrial policies—that is, weekly premium policies on the lives of working people.

The Metropolitan has revolutionized this business in the last quarter of a century. It found the system discredited among large classes of people. It ends the twenty-five years with public approval, and even enthusiasm. Its only critics are those who are interested in other schemes or in compulsory State insurance.

This change has been accomplished by the following acts of the Metropolitan:

1. The voluntary return of $49,000,000 in reduction of premiums in twenty-three years, over and beyond its contractual obligations, besides the addition of $4,700,000 of reserve to cover voluntary concessions.

2. Welfare work among Industrial policy-holders costing many millions of dollars; (*a*) free nursing of the sick by trained Nurses; (*b*) educational work by the distribution of 150,000,000 of pamphlets, leaflets and Company magazine articles among its policy-holders; (*c*) a determined war upon consumption; (*d*) co-operation with Federal, State and Municipal Governments in education in health and in bettering of hygienic conditions and in investigations of sickness, unemployment and unsanitary conditions.

3. The first investigation into mortality and the first scientific tables of net premiums resulting therefrom, and, consequently, the first adaptation of Industrial insurance to premiums.

4. The repeated increases of amounts of insurance for the given premium—the last increase in 1916.

5. Reduction of premiums by ten per cent. where the policy-holders pay at the office and save part of the cost of collection.

6. The constant decrease of expenses reaching, in 1916, the lowest percentage ever known in the business in this country or England.

7. The constant decrease of lapses, reaching, in 1916, the lowest percentage ever known in the business in these countries.

8. The constant improvement in the personnel and duration of service of Agents, resulting from the increase of their compensation by 100 per cent. coincident with a reduction of expenses in the twenty-five years of nearly thirty per cent.

9. The co-operation of field employees with local health and welfare authorities and societies.

10. The care of the welfare and health of all employees at the Home Office and in the field, crowned by the building of the Sanatorium at Mount McGregor.

11. The mutualization by which the stockholders sold their stock to the policy-holders for sixty per cent. of what they had been offered by outside investors, and the consequent change of the Company from a stock Company to an association of twelve millions of working people.

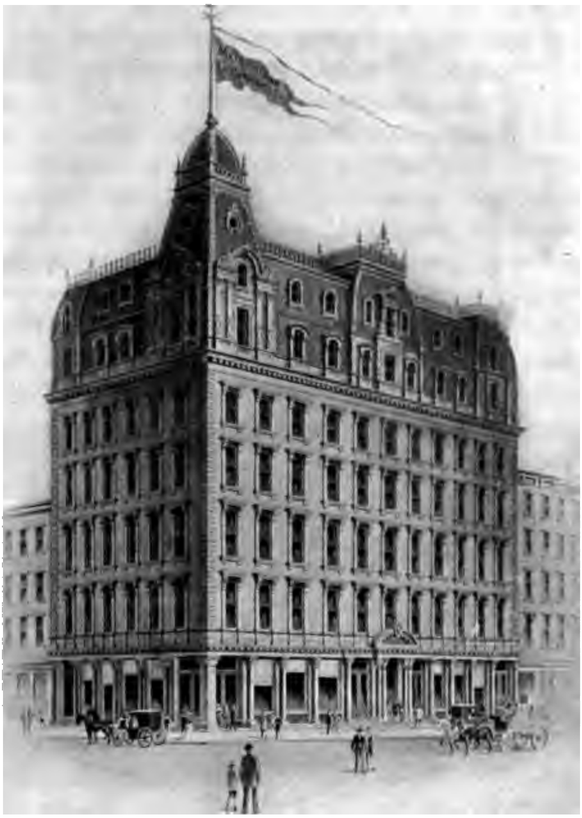
And now let us review in more detail the story of

Twenty-five Years of Administration.

With the year 1916 were completed twenty-five years of office by the President and Vice-President of the Metropolitan Life Insurance Company.

The twenty-five years began with assets of $13,626,948; they end with $608,097,634. They began with $3,088,833 of capital and surplus; they end without capital, the same having been retired upon mutualization, with $28,167,511 of surplus. They began with $222,652 of Industrial debit (that is, weekly income from Industrial policies); they end with $1,442,429. They began with 2,278,487 policies of Industrial insurance in force, amounting to $254,939,881; they end with 15,424,933 policies for $2,032,370,668 of insurance. They began with 96 districts, 4,903 field representatives and 600 Home Office employees; they end with 491 districts, 14,013 men in the field and 5,213 in the Home Offices, of whom 211 are in the San Francisco Head Office. They began with 3,153 policies for $3,767,882 of

Ordinary insurance in force, only $193,511 having been issued in 1891, very near the lowest in the Company's active history. 1916 ended with 1,527,836 policies for $1,450,061,328 of insurance in force, and the writing was $279,016,103; and this was done in ten months because the Company reached, at the end of October, the limitation of business allowed by law. They



OFFICE OF THE COMPANY IN 1891,
CORNER PARK PLACE AND CHURCH STREET

began with $125,278 of premium income in the Ordinary business—low water mark; they ended with $52,900,201 of such premium income—high water mark.

Taking the two departments together, the Company at the end of 1891 had 2,281,640 policies in force, carrying

$258,707,763 of insurance and producing an annual premium income of $10,830,373. The end of 1916 showed the Company with 16,952,775 policies in force for $3,482,431,996, and with an annual premium income of $125,261,318. In 1891 the Company occupied restricted quarters in a portion of a small building on the corner of Park Place and Church Street. In 1916 it occupies the largest insurance office in the world in New York's most conspicuous and beautiful business edifice; and has a Head Office building in San Francisco, the most beautiful office bui'ding in that city. The business of the Company became so large on the Pacific Coast that it established a Head Office there which receives applications, issues policies, and pays death

PACIFIC COAST HEAD OFFICE

claims. It was opened in 1901 and the Company's own building was opened in 1909.

In 1891 the Company was by no means obscure, being the largest Industrial Company in the country, but was still classed as a small company. In 1916 the Metropolitan has the largest amount of insurance in force and the largest income of any company in the world.

In 1916 it wrote the largest amount of Ordinary insurance and the largest amount of total insurance and made the largest gain of Ordinary insurance in force, the largest gain in total insurance in force, the largest gain in premium income, the largest gain in total income, the largest gain in assets of any company in the world. Its writing was $317,840,425 Industrial and $279,016,103 paid-for Ordinary—total, $596,856,528. In amount of Industrial insurance

in force it almost equals all of the other Industrial insurance companies in America. In total amount of all insurance in force, nearly three and a half billions of dollars, it exceeds its nearest competitor by hundreds of millions of dollars.

Let us not dwell upon size and material superiority, and prosperity.

Its lapse ratio of Industrial policies was lower than has ever been known in England or America. It cut down its ratio of expense in the Industrial to the lowest figure ever known in the business in those countries.

In fact for the first time in the history of the business the Metropolitan in 1916 accomplished what was hitherto thought to be an unattainable record. Its lapse ratio for 1916 was actually less than that of the New York Life for 1916 and of the other two large Ordinary companies for 1915 (the 1916 figures for these two companies could not be obtained when this was written). The ratio of net terminations in the Industrial Department of the Metropolitan, that is, deducting the number of revivals from the number of terminations, to the mean number of policies in force, was 5.63, and the ratio of such lapses in 1916 in the New York Life was 6.15; in the Mutual for 1915, 6.95; and in the Equitable 8.34.

During 19 years it awarded to Industrial policy-holders, over and above all contract obligations, $49,000,000 IN FREE BONUSES (see page 37 *post*). History has never witnessed anything like it. The record is unique.

Let us now consider the two departments separately.

The Industrial Department.

During the twenty-five years the Metropolitan has changed entirely the business of Industrial insurance. From a business conducted for profit it has become, as practiced by the Metropolitan, the most widespread agency for social uplift the world has ever seen. While a stock corporation, doing a non-participating business, the stockholders received out of savings one hundred and forty *thousand* dollars a year on a business income amounting at the time of mutualization to about *one hundred and twenty-eight millions,* while the policy-holders received out of the savings nearly *six millions of dollars a year over and above all contract obligations.* As matter of fact the dividends upon the stock for many years were not made out of the insurance business at all! The Company now being a mutual one, the policy-holders are receiving all the dividends the Company can afford

to pay; but as the Company, while a stock Company, was paying practically all of its profits in the Industrial business to policy-holders, the amount of distribution necessarily is not much increased. All sick policy-holders in most of the cities receive free nursing without any contract obligations. All policy-holders receive instruction by the Company's publications in matters of hygiene and particularly in the prevention and cure of tuberculosis, which disease has caused about eighteen per cent. of its deaths. All Agents sick from tuberculosis are receiving the care of the Company, which has built a sanatorium for their cure. It has organized its insured children in a Health and Happiness League. It has travelling exhibits for instruction in hygiene. It has published millions of educational pamphlets on the prevention and cure of disease. It has assisted States and municipalities in health work. It has allied itself with the Federal and State Governments in work for the betterment of the labouring classes.

The plans and policy provisions have been revolutionized in the last twenty-five years. We append on page 1, *et seq.*, a chronological schedule of the changes which proves this, and which will astound those who understand the subject of life insurance. This schedule shows, among other things:

1. Increased benefits, immediate and ultimate, amounting in some cases to over one hundred per cent.

2. The limitation of premium-paying periods, making the policies "paid-up," or free.

3. The omission of restrictions as to cause of death (including suicide), occupation, military service, strict warranties.

4. Extension of grace period to thirteen weeks so far as to permit Agents to revive directly by accepting premiums without formality of revival application or medical examination.

5. Non-forfeiture provisions, including paid-up, extended insurance and cash surrender privileges, ease of revival.

6. The payment of dividends (*a*) in free credit of premiums for from four weeks on policies five years old to twenty-six weeks on policies over thirty-five years old and *fifty-two* weeks where the insured has passed the age of 75; and (*b*) additions to policies at death or maturity from four per cent. on policies five years old to twenty-six per cent. on policies thirty-five years old.

7. Making retroactive many of the liberal features of new policies, increased benefits and other concessions.

8. Lowering the premiums ten per cent. in cases where payments of premiums are made at the offices instead of to collectors.

9. Adaptation of plans to all needs: short and long endowments, short and long limited periods of premium-payments; policies becoming paid-up at short periods converted by continuance of premium-paying to ever-shortening periods of endowments

10. A sub-standard table, so as not to penalize the regular Industrial policy-holders by the infusion of lives known to be under-average.

11. Instalment policies, so that widows and children may receive weekly payments instead of the policy proceeds in a lump sum.

12. Loans upon any lapsed policy in a family group to revive one or more of the family policies.

13. A disability provision without extra charge, made retroactive, by which one-half of the insurance is paid where the holder loses both hands or both feet, or one hand and one foot, or both eyes, and the other half becomes paid-up, premiums ceasing.

14. A revolutionary change in Agents' accounts, whereby collection books and premium receipt books are discontinued and simple receipts issued instead, duplicates being kept at the District Offices by family groups—a change which it is hoped will save the Company millions of dollars directly and indirectly, and will save lapses and increase policy persistence and the ease and certainty of dividend payments.

15. The reduction of lapses to an amazing extent. In 1892 the lapses were 57 cents per week on $100 of debit, or over five and a half policies lapsed weekly out of every 1,000; in 1901, 35¼ cents per week on $100 of debit, or 3½ policies lapsed weekly out of every 1,000; in 1906, 28½ cents per week on $100 of debit, or less than 3 policies lapsed weekly out of every 1,000; in 1911, 18 cents per week on $100 of debit, or less than 2 policies lapsed weekly out of every 1,000; in 1916, less than 13 cents per week on $100 of debit, or a little over 1 policy lapsed weekly out of every 1,000.

16. The expense of conducting the Industrial insurance business has been reduced to an unprecedented extent. In the

twenty-five years it has come down over 13 points or nearly 30 per cent.

17. The amazing amount of Welfare Work, hereinafter described, covering policy-holders, Agents and Home Office employees, makes of the Metropolitan a great social welfare and educational institution as well as an insurance Company.

18. The mutualization of the Company, which has turned over to policy-holders assets now amounting to over six hundred millions of dollars.

All of this has been done voluntarily by the Company. There may be an impression abroad that the Armstrong laws improved and liberalized Industrial policies. There is no truth in this. The laws scarcely touched Industrial insurance. The only change was an unjust one, cutting down from five years, fixed by the Company, to three years the non-forfeiture provision. The result is simply to take from old policy-holders money to pay surrender values to those who have persisted more than three and less than five years. The surrender charge allowed by the Armstrong law is greater than that made by the Company.

No, the Armstrong laws compelled no improvement in Industrial policies; our action has been voluntary. We have been more liberal than the statutory requirements. What those laws did do was to enable Industrial companies to write much more Ordinary insurance than they could write by the standard applied to Ordinary companies.

The Metropolitan has compelled a vast change in the public attitude toward Industrial insurance. In 1891 the Company had just emerged from a condition of doubt of the success of Industrial insurance. When it began to show prosperity and gave promise of great growth public attention was attracted. It was a new thing in insurance. The number of insured was very large, the policies each very small, the expense high, the policy provisions necessarily rigid. First came ignorance, then doubt, then suspicion, then attack. Child insurance was new in America and without investigation prejudice gave rise to criticism. This culminated in legislative attacks in Massachusetts, Tennessee, Pennsylvania and Ohio. Bills were introduced to prohibit child insurance. The Metropolitan fought these bills on their merits. Here was something new in legislative experience. There was firm refusal to use the arts of lobbyists. There was absolute refusal to pay tribute. The Pennsylvania experience became a matter of record—the

demand of $50,000 for "protection." What the Company did was to court investigation and appeal to the people. The investigation in Massachusetts in 1895 lasted six weeks. Numerous witnesses were called and testified without the limitations of an oath. All sorts of charges were made. They were rebutted. The newspapers published the adverse testimony and refused to publish the defense—except at advertising rates! There were 500,000 policies in force in Massachusetts and the holders were informed of their peril. The companies' defence was fully set forth by advertisements. The bill was defeated in the lower House by a vote of 149 to 23. A similar bill in Pennsylvania met a like fate in the Senate after the attempt to blackmail the companies had been shown up in debate. In Ohio, after an appeal to the public, a similar bill received but one vote—that of the introducer. In Tennessee the bill passed the Senate, but was never heard of in the House because there was time to present the Company's defence. And so it came about that attacks on child insurance have ceased. The Armstrong Committee in 1906 invited criticism, but could find no witnesses and reported in favour of the business.

General attacks on the system have stopped because the truth has become known. Old Industrial policies in the Metropolitan now cost but half the published rates of the large Ordinary participating companies, by reason of premium and mortuary dividends granted to the persistent. Cost of new policies has been heavily reduced. To-day the Metropolitan with its over fifteen millions of Industrial policies in force is recognized as the friend of the workingman. Public appreciation of the Company and its magnificent work is growing. The newspapers are full of news accounts of its manifold activities in social uplift—its nursing system, its tuberculosis campaign, its health and welfare literature, its educational campaigns, its co-operation with public health and welfare authorities, its care of its Agents and Clerks, its distribution to old policy-holders, its loans for workingmen's homes.

In this quarter-century the system of Industrial insurance has been vindicated and for an attitude of suspicion and doubt the public has substituted one of sympathy and admiration.

What else could result from the six salient facts we have already mentioned? Within the twenty-five years the Metropolitan

1. Has reduced expenses 13 points or nearly 30 per cent., which on its present premium income amounts to *over nine millions of dollars yearly;* and has been and is using this saving in the way shown by the other three facts following:

2. It has paid out over forty-nine millions of dollars in free gifts to old policy-holders beyond any contract obligations.

3. It has increased benefits from twenty to over one hundred per cent. on new policies.

4. It has made the Company an important factor in the work of the world for health and welfare. It takes care of its own sick employees, has a tuberculosis sanatorium, a rest house for convalescents, is nursing its policy-holders without charge and outside their contracts, is recognized by and affiliated with other active societies engaged in hygienic and uplift work.

Besides which,

5. It has introduced the Convertible policy, which gives paid-up insurance after a few years and converts it into endowments at rapidly decreasing periods by continuance of premium payments. Twenty-five per cent. of the business of 1916 was on this plan, and 12 per cent. of the policies (15 per cent. of the premiums) in force are on this plan.

6. And it has established, made a success of, and made reductions in premiums in, the Intermediate Branch, in which there is in force four hundred millions of insurance, mostly upon working men and women, in Ordinary regular old line insurance for which no American company ever before made them eligible; and has made this insurance cheap.

Meanwhile what of the Agents? Their income in the same period has increased sixty-six per cent. in the Industrial Department, and in addition they have received opportunities to earn money in the Ordinary Department, so that their total income has been doubled. This has been done in the Industrial Department coincident with a reduction (excluding the money spent for Health and Welfare Work) of *thirteen* points in the expense ratio (or nearly thirty per cent.). Truly, a triumph of administrative efficiency!

As to the Home Office force, the salaries have been increased over fifty per cent., a system of bonuses for persistent service is in operation, and substantial luncheons are served free. These luncheons cost in 1916 $260,600, exclusive of rent charges.

The well-being of the Agents and Clerks has been the care of the Company in other ways.

One was the establishment of the Metropolitan Staff Savings Fund. This was organized in 1900. To this fund contributions are invited from all employees, whether field or office, whose income does not exceed $3,000 per year and who have been in the service of the Company a year, under an agreement by which the contributions shall be invested so as to earn interest and by which the Company shall add fifty per cent. to the contributions. The employees are in two classes, according to the nature of their occupation, in order to obtain the benefit of the tontine accumulations. These arise from the fact that if withdrawals are made for other reasons than death or incapacity by age or ill health, the Company's contributions are forfeited to the fund. Thus those who persist obtain the tontine benefits. The investments have been excellently managed, the total returns, including those from forfeitures, average over seven per cent. There are at the end of 1916 nearly 9,500 members. The total fund amounts (including interest accumulation) to $3,600,000. We need not enlarge upon the great benefit this fund is to the force nor how much the system tends to persistence of service and habits of thrift.

But while the employees are taught to provide for themselves, they have not been left in the lurch when overtaken by disease or incapacity while in faithful service. The Company is taking care of those reported as having tuberculosis, and we have already spoken of the establishment of a sanatorium Those who break down from other causes receive allowances apart from disability insurance adapted to the particular cases. The expenditures of the Company in this way have in 1916 amounted to over $260,000 (833 employees).

The expenditures for nursing sick policy-holders, allowances to disabled employees and the Company's contributions to the Staff Savings Fund amounted in 1916 to over a million dollars.

Besides their material welfare, the Company looks after the instruction of the Agents. Not only do they have the tutoring and supervision of Deputy Superintendents and of Superintendents, but the Company has a Correspondence School. It has published twelve books entitled "The Principles of Life Insurance." They furnish a course of instruction: the first lesson, introductory and historical; the second and third upon the Scientific Foundations of Life Insurance—Mortality and Interest; the fourth, the Natural Premium and Assessment Insurance; the fifth, Level Premium and Legal Reserve

Insurance; the sixth, analyzing the premium—loading and dividend; the seventh and eighth, Types of Policies; the ninth, Industrial Insurance; the tenth, Industrial Insurance and Social Welfare; eleventh, Hazards in Life Insurance; twelfth, Life Insurance Salesmanship. To each lesson is appended a list of questions designed to bring out the extent to which the readers have learned the lessons; and there is a bureau at the Home Office for examination and correspondence. The purpose is to teach Metropolitan Agents to be all-around insurance men. Every new Agent, after six months of service, is obliged to take the course.

ORDINARY DEPARTMENT.

Not less extraordinary is the story of the twenty-five years' administration in the Ordinary Department; it involves a sketch of practically all of its Ordinary business, because the period began with very little in force.

This has been done in a schedule similar to that relating to the Industrial Department. It discloses a record of originality, initiative and achievement unparalleled in the old-line insurance business. The twenty-five years make this exhibit:

1. A reduction of over 34 points in the expense ratio (or over sixty per cent.).

2. Large reduction of premium rates.

3. A most remarkable improvement in mortality, evidencing unusual skill in selection. It must be remembered that as our Agents are Industrial Agents and we have no general agencies, our Ordinary insurance is largely placed among the working classes. The average amount of insurance per policy ($1,500 excluding Intermediate) indicates this. And yet our mortality table has been brought so far below the American Experience table as to be even below the Compound Progressive table of the New York Life Insurance Company—which is the table of its own experience. The comparison is noteworthy, and we are proud of it because of the long years of careful and scientific supervision the New York Life has put into the selection of its risks. In recent years nearly all of the additions to Metropolitan surplus have come out of the Ordinary Department business, and this has largely resulted from favourable mortality experience.

4. A remarkable variety in the plans of insurance offered, adapted to every need and desire of the insured. No other

company does business on five mortality tables. Besides the Industrial and sub-standard Industrial, we have in the Ordinary, in addition to the American Experience table, a sub-standard (called Special Class) table and an Intermediate table. All of these tables have been made standards by the New York Department. Our plans include not only the Whole Life and Endowment at Age 85 and the usual Limited Payment and Endowment policies, but the Reduced Premium (where the cost is only $10 for $1,000 after 20 years), the Instalment, the Modified Endowment with Life Option (a 20-payment comparable in results before mutualization with the participating insurance of other companies), the Monthly Income policy and the Convertible policy—this last is upon a plan whereby the insurance becomes paid up in a comparatively few years and then becomes endowment with shortening maturities as payment of premiums continues; special policies for college professors supplementary to the Carnegie pensions; Joint Life Policies; Survivorship Annuities where premiums cease on the death of the insured and annuities are paid to dependents.

5. The $5,000 Whole Life policy, referred to above. It is based upon the assumption that there will be a very much lower mortality in the class which can afford to take large policies; and the premium was originally calculated upon a loading of only one per cent., the expectation being that expenses could be taken care of in savings on interest and mortality. Two reports of the Insurance Department approved of the scheme, and said it "doubtless will result, if it is a success, in a general reduction in premium rates charged select risks." Our experience thus far points toward success. The mutualization of the Company brought the Company under the provisions of Section 97 of the Insurance law limiting total expenses, and in order to save the Company from increasing its loadings and thereby increasing its premium rates it was necessary to get new legislation. The bill offered by the Insurance Department to meet the difficulty was opposed by a strong lobby organized by the agents of participating companies and directed by the officers of some of these companies; and finally the Metropolitan agreed to a bill which enlarged the limitation to one desired by the Company, but with a proviso preventing the issue of any policy upon a lower loading than one which if applied to the whole business would bring the expenses within a limit fixed by the amendment to Section 97. This

compelled the Company to increase the loading on this policy to 7½ per cent., and thereby increase the premium rates. But they are still less than the rates of any other participating company for the same plan; and if the policy continue its successful experience of mortality the net cost to the insured will probably not be increased.

6. Our Special Class policies. These are designed for sub-standard risks, and we have described them above, and print a schedule about them on pages 76 *et seq.*

7. The Intermediate policies. The Intermediate Branch is of immense credit to the Company because it has been a real boon to the working classes. We have described it above, and print a schedule about it on pages 71 *et seq.*

8. The Disability Clause. This is a provision attached to each regular Ordinary policy (provided the insured has not passed age 55) waiving further payment of premiums in the event of the insured becoming totally and permanently disabled before attaining age 60. *No charge is made for this provision* except on the $5,000 Whole Life policies, the Term, the Joint Life, the Special Class and the Group policies. Not only this, *but the provision has been made retroactive* except in the Intermediate Branch. Upon the Whole Life the charge varies from 50 cents at age 20 to $5.60 at age 55 on $5,000 policies.

9. Periodical Medical Examinations. Through the Life Extension Institute the Company furnishes free medical examinations to all holders of Ordinary policies for $2,000 and more at stated intervals. The examination is very thorough and the policy-holder is advised in case of impairment to seek medical advice.

10. The mutualization of the Company had an effect which is unprecedented in the history of life insurance. Dividends are paid upon non-participating policies which reduce the *net cost to the insured after five years to less than the net premium* upon almost all of the regular plans. Moreover, additional mortuary and maturity dividends are paid equal to the contingency reserve held by the Company upon the policy upon every claim occurring during the current year; and *post mortem* dividends are paid consisting of the regular dividend for policies one year longer in force. Thus in some instances three separate and distinct dividends are paid in one year.

Welfare Work.

The Welfare Work of the Metropolitan, referred to on a preceding page, is shown in separate schedules hereafter, pages 89 *et seq.* We invite attention to them as absolutely unprecedented in life insurance. This work puts the Company in a class by itself. The Company has become a great public institution apart from its life insurance, and as such is allied to government, Federal, State and Municipal, and to all of the societies and institutions interested in social and health welfare.

This work is in two directions—amongst policy-holders and employees.

For policy-holders it furnishes free trained nursing to all the sick Industrial insured, including maternity services where policies have been a year in force. In fact, 18 per cent. of all the nursing is for pregnant mothers and new-born babes! It has distributed to policy-holders 150 millions of pamphlets, leaflets and magazine articles on sickness and health, covering the nurture of children, first aid in sudden sickness and accident avoidance and treatment of all contagious diseases, instruction in physical cleanliness, including teeth, tonsils and adenoids, food, clothing and household care and the health of the worker. It has aided the government in surveys of unemployment. It has made the first surveys of sickness in municipalities. It has co-operated with cities in spring cleaning campaigns. It has brought out the voters for bond issue referendums for the erection of hospitals. It has assisted its policy-holders in fires and floods and epidemics. It has helped to effect legislation for schools, for tenement-house reform, for improved health administration. It has aided schools in educating the young in hygiene. It has even formed partnerships with States for the extension of public nursing. It is co-operating with public and private institutions in a war upon consumption. It has loaned money to build good houses for workingmen

For employees it has set the highest standard for their care and welfare. It has procured a court decision which enables directors of corporations to take reasonable care of employees. It has built the best Sanatorium in the world for the cure of tuberculosis and has demonstrated that the disease can be cured by sending back to work in three years 170 men and women treated for consumption. It medically examines yearly all of its employees in order to care for them before disease can make progress. It gives free insurance to its

clerks earning moderate salaries. It pays at least half the cost of disability insurance to all of its employees. It cares for their savings and earns high rates of interest for them, besides contributing fifty per cent. in addition to their savings. It has increased their pay from fifty to one hundred per cent. at the same time that it has reduced the Company's expenses to the lowest point ever known in the business as conducted in Anglo-Saxon countries. Its pay for clerical work is higher than the average. It cares for the sick and superannuated employees and furnishes free trained Nurses. It has made of its Home Office a veritable health resort in cleanliness, in light, in fresh air, in pure water, in medical, dental and eye and ear clinics and rest rooms. It serves free lunches under the advice of dietitians. It aids a co-operative store where all the necessities of life can be procured practically at cost. It furnishes free instruction to improve efficiency; and, after office hours, in dressmaking and millinery. It encourages and helps associations of its employees in athletics, in vocal and instrumental music, in provisions for vacations. It gives prizes for superior attendance and work and for suggestions of improved methods. It has a free circulating library and amusement and meeting hall.

The Metropolitan is a beautiful Mother to Policy-holders, Agents and Clerks.

In his wonderful address to our Convention of Superintendents the late GROVER CLEVELAND approved of the meeting because he said the field was entitled to receive from the officers an account of their stewardship. We submit with confidence, nay, with pride, this review of the twenty-five years of the present administration, and we believe our men and the public will recognize that the record is worthy. The Metropolitan stands to-day first in the world in business achievement and, what is better, without a rival in the demonstration of what a business corporation can do in bettering conditions in its own sphere of work and in broadening its activities to correspond to the world-wide movement to advance social welfare. There need be no fear that these activities will slacken.

The Metropolitan has shown other insurance companies, especially Industrial companies, what can be done for public welfare, and how enormously important an instrumentality they can become for social uplift.

It seems to us that the best thought of the age has fixed upon insurance as the solvent for most of the economic ills of society. One can in imagination picture the time when, instead of one in every five, four in every five of the population shall be insured in Industrial mutual insurance companies; and in the development of these companies along Welfare lines one may look to the time when the people shall take care of themselves through life insurance in a service covering health in life, care in sickness, indemnity in death, sanitation in community life, the financing of home-owning, of public utilities and civic conveniences—a mutual service of co-operation among such a large proportion of the population that it may be called The New Socialism!

Schedule—Industrial Department

1892—Paid-up Insurance Announced.

Beginning with 1892, the adult policies of the Company were given the right, after being in force five years from January 1, 1892, to be surrendered at the option of the holders for paid-up policies. This was a new departure in Industrial insurance in this country. The paid-up insurance concession was also granted on infantile policies, to become available after the insured should attain the age of 18. This age was a few years later reduced to 15 on all Whole Life policies, and the age limitation has since been removed altogether.

1893—Increase in Benefits—Relief from Lapses.

In February, 1893, the immediate benefits on endowment policies were increased. In the same month all endowment policies issued on coloured lives were put on the same tables of benefits as those issued on white lives. The rule before had been to pay but two-thirds as much on a coloured life as on a white life.

In December, 1893, new policies on the lives of coloured persons, whether endowment or life contracts, were put on the same table of benefits as policies on the lives of whites. This rule has ever since been maintained.

In November, 1893, after five months of severe business depression, during which many policies lapsed, and when it seemed that better times were in store and it would be likely that lapsed policy-holders would desire to come back if easy terms could be made for them, the Company issued a circular:

First. Providing that all policies on which premiums had been paid for one year and which had lapsed during the business depression, through stress of circumstances, could be reinstated in full immediate benefit with all arrears waived.

Second. Giving the option to any policy-holder who had kept his policy in force for five years, and had been compelled, through inability to pay the premiums, to lapse the policy during those five months, either (first) to take a paid-up policy at once, or (second) to take out a new policy without medical examination, in full immediate benefit, and without payment

of premiums in arrears. The first option really put into immediate operation the promise for paid-ups which had theretofore been made to take effect January 1, 1897.

Many thousands of these renewal and paid-up policies were issued as a result of this offer.

In addition to the above concession, the Company paid in 1893 many claims on policies where death had occurred after the expiration of the grace period, the insured having been forced to lapse because of the commercial depression.

1894—Further Increase in Benefits—Further Relief from Lapses.

In January, 1894, the amount of immediate benefits on all policies was largely increased. At the same time the privileges for paid-up policies which had been made in November previous, to cover the prior five months of business depression, were made permanent, and the Company has ever since issued paid-up policies wherever applied for, if premiums have been paid five years. The law in 1907 reduced the period to three years —an injustice to old policy-holders, as we have pointed out.

In March, 1894, all owners of policies lapsed during the eleven months previous, on which premiums for five years had been paid, were offered renewal policies with all arrears waived, in full immediate benefit for the original amount of the lapsed policies (or, if on the table of rates in use prior to 1887, this amount adjusted to the basis of the current table), without medical examination. The owners of policies lapsed during the same period, where premiums had been paid for at least one year, but less than five, were offered renewal policies for the full amount in full immediate benefit, but subject to medical examination. This concession lasted up to July, 1894, when the occasion for it had passed.

In June, 1894, the warranty was taken out of all applications for insurance under $150; in July, 1896, this rule was extended to insurance under $300; since January, 1907, the warranty has been dispensed with altogether, as the law directed concerning Ordinary as well as Industrial insurance.

In July, 1894, a considerable increase was made in the amounts of paid-up values. This was made retroactive not only as to the amount of paid-up granted on old policies, but as to the amount payable on claims on paid-up policies previously issued.

1895—Liberalization of Conditions.

In May, 1895, the pulmonary and consumption clauses were taken out of all policy contracts. Theretofore if death occurred from consumption or pulmonary trouble within a year after the issue of the policy, only half of the maximum amount was payable. When this change was made in the policies in May, 1895, the rule was made retroactive, and all policies previously issued, containing the clause in question, were put on the same basis as those issued afterward.

This removal of the pulmonary clause was only one of the many advances in the direction of liberality in policy conditions that were made from time to time under the various plans of insurance during 1892 and the years immediately following. These changes finally effected the removal of all restrictions as to occupation and military service (except for certain applicants who by reason of their nationality are likely to engage in the present European war), the discontinuance of the suicide clause, the insertion of a provision that policies should be incontestable after two years, except for fraud or misstatement of age, the introduction of the privilege of surrendering the policy within two weeks and receiving back the premiums paid in, and other concessions of value to the insured.

1896—Increased Benefits on Children's Policies.

In January, 1896, increased benefits were given on infantile policies. For instance: after a child insured at age 2 had reached the age of six years, the benefit for a five-cent premium was raised from $35 to $55; at seven years, from $42 to $80; at eight years, from $50 to $100; at nine years, from $60 to $120. These increases were also made to apply to claims arising in 1896 on already existing policies.

In the same month, new endowment tables, both infantile and adult, were adopted, and in these policies it was provided that the paid-up policies to be issued thereunder should be paid-up endowments. The adult policies were made to mature at age 80; the infantiles much younger.

1896—Guaranteed Additions for Persistence.

In July, 1896, a guaranteed annual addition was incorporated in the January table of endowment policies, whereby it was provided that after the policy should have been in force for three years, there would be added to the amount of the insurance at each anniversary of its date, while it should be

kept in force, a sum equal to ten weeks' premiums thereon, which additional sum would be payable at the same time and in the same manner as the original policy, namely at death or at the end of the endowment term. The same additions were guaranteed to all infantile endowment policies under this table after the insured reached age twelve. These policies were absolutely unique, and at the time were not equalled by any Industrial policy in the world. The additions were in effect *annual* increases in benefits, after the initial period, of about twenty per cent. of the premiums for the year. The policies were given the name "Increasing Life and Endowment." Their issue was discontinued at the close of the year 1906, with the adoption by the Company of the increased scale of benefits beginning January 1, 1907, as hereinafter explained.

1896—Workingmen's Insurance on Ordinary Plan.

In the same month the Company issued Intermediate policies to meet the wants of the large class of people who could not afford to take Ordinary insurance for large amounts and yet could afford to take a more advantageous policy than weekly premiums provided. These policies were issued for $500, at low rates of premiums, on the life and endowment plans, and the Company agreed to keep the accounts of these policies by themselves, and to pay such dividends, after five years, as the policies earned. The rates established in 1896 were continued until the end of 1901, when a new table of slightly increased rates for policies to be issued thereafter was made necessary by reason of the change in the valuation standards of some of the States. The dividends paid on these policies were so extraordinary that on some plans the policies were cheaper than Ordinary insurance.

In January, 1907, in compliance with the new laws enacted by the New York State Legislature, it was announced that Intermediate policies issued in the future would be non-participating, and substantial reductions of premiums, running in some cases as high as 25 per cent., were made in the new tables then adopted. Since that time the rates have twice been revised, once at the beginning of 1912, when the premiums were reduced; and again at the beginning of 1916, when the premiums were increased to about the rate prior to 1912, it having been found by experience that the reduction of 1912 was not justified by our actual experience in mortality after that date. With

the mutualization of the Company in 1915, all of the Intermediate policies, of course, became participating.

1896—Sweeping Concessions to Lapsed Policies.

In July, 1896, the Company also issued a generous concession to holders of lapsed policies. It agreed to issue a policy in full immediate benefit at the present age of the insured in the case of all adult policy-holders who had lapsed after paying premiums for a year, provided six months had expired since the lapse, subject to a medical examination. In November of the same year the six months limitation was removed, and the privilege extended to infantile policies. Thousands of policy-holders took advantage of this provision, prior to its discontinuance in July, 1908, by which time changing conditions seemed to have rendered it unnecessary.

In November, 1896, the Company made one of the most sweeping offers to holders of lapsed policies that had ever been made by any Industrial company in the world. The concession as then granted provided that any adult policy-holder who had paid premiums for at least one year, and on whose policy premiums were in arrears for thirteen weeks or more, might revive the policy at the original amount, according to the age at issue, without payment of the accrued premiums, subject to a medical examination, and with the provision that the Company would loan the policy-holder the premiums in arrears, making the amount a lien on the policy until paid. This plan has been modified from time to time, as demanded by changing conditions and the Company's experience, but the underlying principle—that of revival with lien (termed "Special Revival")—has been in use without interruption ever since its adoption. Probably the most important modification that has been made of the plan has been its extension from individuals to family groups. This additional privilege, which will be more fully described later, was offered as a special temporary concession in January, 1915, and, with suitable alterations, was made a part of the Company's permanent practice in December of the same year.

It seems impossible that a Company could open the door wider to holders of lapsed policies than under the lien and other revival concessions, and great numbers of reinstatements have resulted. It has frequently happened that lapsed policy-holders have taken advantage of these offers to reinstate their

policies and then surrendered them and obtained paid-up contracts.

1896—System of Large Gratuities Inaugurated.

The close of the year 1896 witnessed the most widespread gratuities to policy-holders that had ever been made by an Industrial company. A bonus, estimated to amount to six hundred thousand dollars in cash, was declared for the year 1897 on policies issued in every year down to and including the year 1882, and quinquennially since. These bonuses amounted to ten weeks' premiums, or about twenty per cent. of the premiums for a year. In many cases, lapsed policy-holders took advantage of the liberal revival features heretofore mentioned, and then applied for and obtained the bonuses; and the Company put no obstacles in the way of such a course.

The declaration of this bonus inaugurated the series of cash bonuses to policy-holders, over and above any obligations expressed or implied in their contracts, that has been recognized as one of the most remarkable developments in the entire history of insurance. Announcement of bonuses similar to that for the year 1897 was repeated at the beginning of each of the nine years 1898–1906. In each case the bonus was payable to policies attaining their quinquennial anniversaries during the year. In 1905, for example, it was payable on policies that were issued during the years 1880, 1885, 1890, 1895 and 1900, on their anniversaries in 1905, provided, of course, the contracts were still in force. The bonus in each case amounted to about twenty per cent. of the premiums for the year. The total amount thus paid during the ten years 1897-1906 was almost six millions of dollars, or nearly six hundred thousand dollars per year. Large as these sums seemed in those days, they have since increased many fold. Not only were these payments made to holders of contracts issued by the Company itself, but like all subsequent bonuses, they were extended to policy-holders of other companies whose risks had been assumed by the Metropolitan. The only policies in force five or more years not sharing in the quinquennial bonuses were those issued on the Increasing Life and Endowment plan, which already contained a guaranteed annual addition to the amount of insurance, and some assumed policies of a similar nature. These quinquennial bonuses were finally discontinued in 1907, an even more liberal offer, described later, being substituted.

1897—Cheapening Cost of Children's Insurance.

With the beginning of the year 1897, the Whole Life Infantile table was abolished, and all infantile policies thereafter to be issued were made endowment policies, maturing at various periods, according to age, from 54 years upwards; and an annual addition was guaranteed in all these policies of ten weeks' premiums, to be added to the face of the policy each year after the insured had reached the age of 12. At the beginning of 1898, this table was made still more attractive by shortening the endowment terms on the average about seven years, the amounts of insurance and the provision for guaranteed additions remaining unchanged. At age 2, for example, the endowment was made to mature at the end of 47 instead of 54 years.

1898—System of Paying Death Claims by Telegraph.

One of the chief concerns of the Company has always been the prompt payment of claims. Up to February, 1898, claims had been paid by mail, and for a time special clerks had come to the office Sundays and holidays in order to reduce delays to a minimum. In the month mentioned, however, the Company began to pay claims, except in cases where proofs of death were incomplete or unsatisfactory, by ***telegraph*** the same day as received, and this has ever since been the Company's practice. The benefit of having the money promptly in the hands of those who so urgently need it can hardly be overestimated. A still further advance was made in October, 1905, when the concession was extended to Superintendents to pay claims themselves, if not in excess of $300, this action to be subsequently passed upon at the Home Office. A large number of districts are now paying claims in this manner.

1898—Lowering Cost of Endowments.

Another important event of the month of February, 1898, was the announcement that the Young People's Twenty-Year Endowment table, which had heretofore been restricted to Canada, might be used throughout the United States as well. This remarkably liberal table is still in use, and is exceedingly popular.

1898—Removal of Restrictions for Military Service.

When war broke out between the United States and Spain in 1898, companies generally throughout the United States placed restrictions of various sorts on present or prospective

policy-holders who should enlist in the army or navy. The Metropolitan, however, sent out in April a Circular Letter stating that policy-holders would be entirely free to enlist, and that claims would be promptly paid in the event of death as a result, despite the restrictive clauses contained in the Company's earlier policies; and furthermore that no restrictive measures would be adopted affecting new policy-holders without due notice. The war ended without such notice ever being required. The year following, similar treatment was accorded to Canadians enlisting in the British army for service in the Boer war.

1898—Further Relief to Lapsed Policies.

In June, 1898, another generous offer, known as the "Extended Premium" concession, was made to the holders of lapsed policies. Provided premiums had been paid for at least five years and the age of 14 had been attained, premiums being in arrears not more than eight weeks, the insured was offered the privilege of taking out without medical examination a new Increasing Life and Endowment policy in full immediate benefit, at the present age and current table of rates, with the same premium as on the old policy, and it was further offered that if this privilege were availed of, the Company would apply the full legal reserve on the old policy to the payment of premiums on the new. Subsequently the age limit of 14 was abolished, the limit of eight weeks on arrears was extended, and after 1906, with the change in the Company's tables, the new policies were written on the Life or the Endowment-at-80 plan.

This concession was withdrawn in May, 1912, as the result of other concessions that had developed in the Company's policy contracts.

1898—Notification of Paid-up and Other Privileges on Lapse.

Coincident with this concession was the adoption of a plan designed to assure to lapsing policy-holders, so far as possible, the benefits to which they were entitled. Despite the publicity given to the Company's concessions, the admonitions to the field force, and even the fact that it was made distinctly to the Agents' financial advantage to see that these concessions were availed of, it was found—and it was not strange, in view of the fact that there were several millions of policy-holders—that there were many owners of lapsed policies who remained ignorant of their rights. Consequently the system was inaugurated of sending direct to every lapsing policy-holder who had

paid premiums for five years an individual letter notifying him of his right to a paid-up policy, and giving him the details of the alternative "Extended Premium" privilege. At the present time, letters are sent to all lapsing policy-holders who have paid premiums for not less than three years, not only advising them of their non-forfeiture privileges, but reminding them of their right of revival.

1899—Free Endowment on Reaching Age 80.

In January, 1899, announcement was made that any holder of a Whole Life policy who had reached the age of 80, and who had paid premiums for 15 years, could obtain the full amount of the policy in cash as an endowment, or, on request, would be given in lieu of the cash a paid-up life policy for the same amount, which would be available as a burial fund. This offer has been renewed every year since, except as to the paid-up option, which was but little availed of, and under this concession the Company has paid nearly two million dollars to these aged people, over forty per cent. of which was in excess of the full legal reserve on their policies.

1900—Cash Surrender Privileges.

In August, 1900, tables were published for $250 and $500 policies on the Twenty-Year Endowment plan at the adult ages, introducing a new feature in the incorporation of a clause providing for cash surrender values.

In June, 1902, rates for $125 on the same plan, including the cash surrender privilege, were added.

1902—Relief to Sufferers from Strike and Disaster.

In the year 1902 occurred the disastrous strike of the anthracite coal miners in Pennsylvania, and the cessation of wages compelled many thousands of policy-holders to discontinue payment of premiums. The Company, however, throughout the continuance of the long strike and for some time afterward treated lapsed policies in the afflicted districts exactly as if they were in force, and honoured all death claims as readily as if premiums had been regularly paid. When the strike was over and the policy-holders were able to resume payments, the Company made a special offer of revival, either by payment of arrears or by treating them as a lien against the policy, without medical examination and with absolutely no restrictions as to good health or insurability.

Similar or equally efficacious action has been taken by the Company on such occasions as the Fall River strike in 1905 and the Lawrence strike in 1912, the San Francisco earthquake in 1906, the Chelsea fire and the Kentucky floods in 1908, the Memphis floods and Regina cyclone in 1912, the Omaha tornado and Ohio floods in 1913, the Salem fire in 1914 and the Augusta and Nashville fires in 1916. In 1908, when the Metropolitan and practically all other life companies were forced to discontinue collection of premiums in the State of Texas by reason of ill-advised legislation, a grace of five months was granted to the Industrial policy-holders in Texas in which to remit premiums to the adjoining State of Arkansas, or to the Home Office at New York, during which period death claims were recognized in cases where premiums were in arrears. On many other occasions where distress, although not so widespread, has been no less keen, the Company has adopted such measures as have seemed appropriate for the relief of its policy-holders.

1902—Right to Vote for Directors Granted.

In 1902 the privilege of voting for members of the Board of Directors was secured for Industrial policy-holders. Pursuant to an amendment to the Company's charter, dated April 10, 1902, the Board passed a resolution providing that, on filing proper notice, "every policy-holder in this Company whose policy shall have been in force for the full term of one year before, and shall be in force at the time of, any annual meeting for the election of directors, shall have the right of voting for members of the Board of Directors." Notices of elections and of the right to vote are regularly published in the Company's publication, *The Metropolitan*, and are also printed on the Company's policies. With mutualization in 1915, the elections became biennial instead of annual; and the rights and methods of voting are regulated by statute.

1905—Twenty-Year Endowment with Valuable Option.

Under date of May 24, 1905, the $125 and $250 Twenty-Year Endowment tables for adult ages were withdrawn, and in lieu thereof the Company published a Twenty-Year Endowment table, for policies to be issued at 5 cents and multiples thereof, with a conditional option, at the end of the endowment period, of paid-up insurance for much larger sums. These policies contained no provision for cash values.

In May, 1909, the Company agreed, in case of maturing endowments where the insured does not wish to withdraw the money, to allow the amount of the endowment to accumulate at three and one-half per cent. interest until payment is desired.

1905—Increased Values upon Lapse.

In September, 1905, a concession was granted affecting the paid-up privileges of the three and one-half millions of Increasing Life and Endowment policies then in force. The existing clause provided for proportionate parts of the amount in benefit at the time of lapse; the new concession substituted values, in the same proportion, based on the much larger maximum or endowment amount.

1906—Further Concessions upon Lapse.

An important change affecting discontinuing policy-holders was made in 1906. The paid-up clause in Industrial Whole Life policies had provided, on the surrender of the original policy, for paid-up insurance for a term corresponding to the expectation of life. The amounts of these policies were of course larger than if the policies had been issued for the whole of life, and it was felt that the term of expectation of life would cover substantially all of the Industrial risks. The advantage to the Company was in fixing a time when the policies could be marked off the books. It was feared that if the paid-up policies were for life the Company might not receive claims at death owing to changes of residence and the liability of the loss of small policies, and that unnecessary amounts of contingent liability would be piled up. Experience showed that the provision was not understood and that claims were made after the expiration of the terms. The fact that the reserve had been used up in fixing the larger amounts for the limited term did not satisfy those who lived beyond their expectancy; they could not understand it. To remove all cause of dissatisfaction, however unreasonable, under date of April 4th, the option was given to the insured on surrendering Whole Life policies entitled to paid-up insurance of taking a paid-up endowment at age 80, the endowment amount being somewhat smaller than the term amount but the present value the same. In 1909, as set forth hereafter, this whole matter was definitively dealt with by permitting holders of paid-up term policies to exchange them for whole life paid-up policies or paid-up endowments maturing at age 80.

Under date of May 14, 1906, the Company agreed to revive policies that had been lapsed, without a medical examination, where the policies were not more than thirteen weeks in arrears, the certificate of the Agent or Assistant Superintendent being accepted as sufficient.

1906—Large Bonus Additions at Maturity.

On August 15, 1906, a mortuary bonus was declared applicable to all death claims paid or to be paid during the year 1906 where the policy at date of death had been more than five years in force. This bonus took the form of an addition to the amount of claim regularly payable, consisting of a percentage of the face of the policy equal to the number of full years' premiums paid; *e. g.*, in case of a claim on a policy for $100, sixteen years' premiums having been paid, the bonus in addition to the $100 would be $16. These bonuses ranged from 5 to 27 per cent. and amounted to over a million dollars. A bonus was also declared upon Increasing Life and Endowment policies maturing in 1906.

1906—Large Increases in Benefits.

A material increase in the death benefits for the first year under Industrial policies was granted in August, 1906. Under the Infantile Endowment table the amounts due in case of death under three months were increased to equal those payable from three to six months after issue; and the amounts due from six to nine months after issue were increased to equal those payable between nine and twelve months. On adult ages for all plans of insurance, quarter benefits were discontinued and policies put in immediate benefit for one-half of the full amount. This announcement was made in August, but was retroactive to the first of the year, and for all claims that had been paid from January 1, 1906, to this date, where under this concession the amount would have been larger, an additional cheque was drawn and sent to the beneficiary.

1907—Further Large Increases in Benefits.

The beginning of the year 1907 was made notable by the adoption of two measures of supreme importance, namely, the announcement of new tables of increased benefits and the introduction of a new method of paying cash bonuses.

The tables of increased benefits adopted at this time were made possible by reason of the rapidly decreasing expense rate

of the Company resulting from economy of management and by the constant improvement in mortality, particularly among white risks, shown by an investigation of the Company's experience during the years 1896–1905. Public demand having shifted again toward whole life insurance, the Increasing Life and Endowment table was withdrawn and the leading table published on the Whole Life plan, with the proviso, however, that payment of premiums should cease on the anniversary of the policy succeeding age 74. Benefits were much more liberal than under the former tables, notably at the infantile ages, where the increases in amounts were so great as to be startling; being at some periods the same for five cents as were formerly given for ten cents. In fact it was necessary to discontinue the issuance of infantile ten-cent policies on this plan because the insurance given would be in excess of the limits fixed by law. The fact that children's policies were made for the whole of life instead of endowments naturally increased the amounts of benefits payable. Two other tables were also adopted: one for sub-standard lives, based upon our own experience, for less benefits at death than under the Whole Life table, but payable as endowments at age of 80; the other a Twenty-Year Endowment table.

All of these new tables were made in half benefit the first six months and full benefit thereafter, and this increase of first year benefits was made retroactive so as to cover all policies issued prior to 1907 that might come under its provisions by reason of becoming claims in 1907. Other features of all of these new contracts were paid-up or "free policy" values beginning after *three* years instead of five, automatic extended insurance after three years and cash surrender values after ten years. Long before this, however, the Company had started its practice of granting *cash values in cases of extreme need,* and in such cases the ten-year limitation is not insisted upon.

1907—Three-cent Premium.

Another notable feature of the new tables was the inclusion of three-cent premiums. With the exception of a few such policies written in Canada, none had previously been issued for less than five cents. It was felt, however, that insurance was needed in many cases where even five cents weekly would be unduly burdensome, and that the functions of Industrial insurance would be more completely fulfilled by the issuance of

three-cent policies to such as might desire them. This privilege is especially useful to men of large families but limited means.

1907—Increase in Bonuses.

The new method of paying cash bonuses referred to was adopted January 1, 1907. It applied to Whole Life policies of *all* years' issue prior to 1903, and was fixed at four weeks' premiums (or about eight per cent. of the premiums for the year); and was made payable on the anniversary of the policy in 1907, if in force at that date. Only Whole Life policies were included in this offer, as it was felt at that time that the Company's experience with other forms of policies did not justify a cash bonus. This new plan called for the payment of about a million dollars.

In January, 1907, announcement was also made of a mortuary bonus for the year similar to that for 1906, except for a change in percentages. Where death should occur after a policy had been in force five years but less than ten, the bonus was fixed at 5 per cent.; after ten years but less than fifteen, at 10 per cent.; etc. Over a million dollars were paid in 1907 under this offer.

In May, 1907, cash bonuses similar to those paid on Whole Life policies were extended to those issued under the $500 Endowment at Age 80 table, the offer being made retroactive to January 1st.

In February of the same year mortuary bonuses were granted on paid-up policies.

1907—Policies Declared Paid-up at Age 75.

January 31, 1907, it was announced that: "Any person 75 years of age or over holding an Industrial Whole Life policy with the Metropolitan will not be required to pay further weekly premiums, the Directors having voted to consider all such policies as full paid-up. This concession dates from January 1, 1907, and any premiums already paid in advance of that date will be returned to the policy-holder. A similar concession will apply in all cases where the insured, though not yet 75 years old will reach that age at any time during the year 1907." This cost the Company in 1907 over half a million dollars.

1908—Bonus of $2,500,000.

Bonuses were declared for the year 1908 similar to those for 1907, consisting of (1) a cash bonus of four weeks' premiums

on Whole Life and $500 Endowment at Age 80 policies five or more years in force, (2) a mortuary bonus applicable to all claims on policies in force for the same period, the amounts ranging from 5 to 25 per cent. of the face of the policy, (3) an offer to make Whole Life policies fully paid-up on attaining age 75, and (4) the usual concession providing for the payment of Whole Life policies as endowments on reaching age 80, fifteen years' premiums having been paid. Two and one-half millions of dollars were thus distributed.

1908—Liberal Revival Privileges.

In March, 1908, along with the recovery of the country from recent financial depression, the Company made a temporary offer of special revival privileges with lien, applicable where the combined arrears on a family were $2 or over, and where *any one* of the policies was of sufficient age to have a reserve in excess of the amount of the proposed lien.

1909—Increased Surrender Values.

It was announced under date of December 31, 1908, that Industrial policies issued on or after January 4, 1909, would contain new cash surrender and free policy values, and in almost all cases these values were substantially increased over the values previously appearing in the policies. The increased values were made retroactive to all policies issued since January 1, 1907.

1909—Workingmen's Annuities.

On the same date the Company, to meet a possible demand for annuities for workingmen as a means of providing for old age, introduced in its Industrial Department a contract combining life insurance of $100 with a $100 annuity to begin at age 65, premiums to cease at this age. Shortly afterward, tables combining $500 insurance with a similar $100 annuity were adopted in the Intermediate Branch. The Intermediate policy proved to be the more popular of the two, and satisfies a steady if moderate demand. In October, 1909, the Industrial contract was greatly liberalized by the insertion of cash surrender and free policy values, and by the large increase in death benefits resulting from the provision that such benefits should never be smaller than the new cash values. In spite of this, however, the demand for the policy was not sufficient to justify the continuance of both the Intermediate and Industrial tables, and the latter was discontinued at the end of 1915.

1909—Another Bonus of $2,500,000.

Bonuses announced under date of January 4, 1909, for the ensuing year were similar to those for 1908, involving payment of about two and one-half millions of dollars.

1909—Increase of Benefits.

Death benefits during the early years of Young People's Endowment policies issued during the years 1904, 1905 and 1906 being less than those in similar policies issued both previously and subsequently, the Company had for some time been settling all claims on the basis of the larger benefits, and in a Circular Letter issued April, 1909, agreed to *guarantee* the larger benefits in all these cases, endorsing the 1904–6 contracts whenever requested by the policy-holders.

1909—The Cheap Convertible Policy Issued.

In the same month the Company introduced its popular policy known as the Convertible, containing features new to Industrial insurance in this country. The policy is essentially a limited payment life contract, the premium-paying period varying, according to age, from about eight and one-half to a little over fifteen years, the average being ten or eleven years. At the end of this period, however, the insured, in lieu of discontinuance of premiums, may continue them for certain specified periods, comparatively short, and convert his policy into an endowment, maturing, according to age at entry and the number of additional premiums he chooses to pay, at ages from 35 to 70. The advantage of this novel scheme is that the insured does not have to decide when taking out the policy whether he wants life or endowment insurance, but is enabled at the later date to adapt the plan of the insurance to his then individual needs. A further innovation was the provision in the adult policies, subsequently extended to other adult plans, that in case of accidental death during the first six months, full instead of one-half benefit would be payable.

In September, 1909, Convertibles were issued at a 15-cent premium from age 10 to 17 inclusive, the previous minimum premium being 25 cents. In June, 1911, the minimum premium on adult Convertibles was reduced to 15 cents for all ages, and in May, 1916, permission was given Agents to write 10-cent policies at ages 10 to 20 inclusive.

To procure a Convertible policy the holder is required to pay the first four weeks' premiums in advance. This reduces

the number of lapses and brings to the insured direct notice that he is obtaining a different form of policy from the usual Industrial whole life policy.

1909—Privilege to Exchange Industrial for Ordinary Policies.

With the first issue of Convertible policies in 1909, a privilege was incorporated in the contract, subsequently extended to all forms of weekly premium policies, giving the insured the right, after payment of premiums for not less than ten years, and provided the insured should then be eighteen years of age or over, to surrender the policy for its full legal reserve, to be used in payment of premiums on a new policy in the Ordinary Department (subject to satisfactory evidence of insurability). This privilege was inserted for the benefit of those Industrial policy-holders whose increasing prosperity led them to seek more insurance than that afforded by Industrial contracts. The demand for an allowance of this sort had been so large that for several years the Company had granted a liberal cash value for the surrender of Industrial policies containing no provision therefor, on which premiums had been paid for five or more years, provided this cash value were used for the purchase of new Ordinary or Intermediate insurance.

Experience with this concession proved that while in some instances the privilege was a useful one, in others the Ordinary insurance so purchased was not persistent and so in the end the policy-holder was worse off than if the privilege had not been granted. Therefore, about the beginning of 1912, in the interest of policy-holders, the option was discontinued as a matter of policy contract, except as to policies already issued and containing the clause.

1909—New Increase of Benefits by 10 Per Cent. Made Retroactive.

A most important increase in benefits took place in the middle of the year 1909. In a Circular Letter dated May 31st, after mention of the continuance of favourable mortality and the still further reduction in the expense rate, the announcement was made: "Beginning with the July issue new tables of benefits will be in force, for the standard and sub-standard policies—the Life policies with premiums ceasing after age 74, and the Endowments at Age 80—and Adult Twenty-Year Endowments. You will notice the increase of benefit is about 10 per cent. at each age. These increased benefits will be made retroactive as to all policies written on these plans since the

first day of January, 1907, which was the date of their first issue." Benefits under the Convertible, Life and Annuity, and Young People's Endowment policies remained the same, the already liberal amounts admitting of no change.

The retroactive feature of this announcement is deserving of special note. Under it many thousands of cheques, representing the difference between the old and new benefits, were sent to beneficiaries under policies that had become claims as far back as January, 1907, and under which settlement had been made in full. It is safe to say that every one of these cheques came as a pleasant surprise. In many instances special effort had to be made to find these beneficiaries in order to pay them this gratuity. The total amount so expended reached the sum of $275,000.

1909—Allowing Paid-up Term Policies to be Exchanged for Life.

In August, 1909, it was announced that any holder of a paid-up Industrial policy issued for the term covered by the expectation of life under the paid-up concession on Whole Life policies formerly issued, might exchange such policy for either paid-up whole life insurance or paid-up endowment insurance payable at death or age 80, for such an amount as the reserve originally applied to purchase the term insurance for expectation of life would have purchased at the time the term policy was issued; this concession extending even to those cases where the term policy had already expired. Carrying out the spirit of this offer, it was also announced that where the holder of one of these term policies had died subsequent to the expiration of the insurance, claim papers might nevertheless be submitted, in which event the Company would consider claim for the amount of paid-up whole life insurance above mentioned.

1909—Group Insurance.

Criticism has frequently been directed at the comparatively high expense rate at which Industrial insurance is conducted. A large share of this expense is the result of the service extended to the insured in sending Agents to their homes each week to collect the premiums. The history of Industrial insurance has amply demonstrated that this system of house-to-house collecting is necessary, for people either will not or cannot spend the time to attend themselves to payment of premiums. It has been suggested, however, that if insurance were desired by a large number of members of a labour organization, lodge, or

beneficial society, collection might be made through the officers of the organization and turned over to the Company in bulk, and that the saving in commissions, collection fees, etc., would enable the Company to issue policies at a rate cheaper than that regularly employed. In 1909, at the instance of the Company, the anti-discrimination laws of several of the States were amended so as to permit the issuance of such policies, and the laws of Massachusetts would probably have been so amended but for the opposition of persons interested in the savings bank insurance scheme of that State. Rates were then published, giving benefits considerably in excess of those regularly used. This table was made available where policies should be issued on 100 or more persons at one time, and the premiums all paid to the Company by their representative in one sum.

The results, like those of the Massachusetts savings banks, have been meager, and have substantiated the belief of the officers of the Company that Industrial life insurance on this plan is not destined to become widely popular. No substitute has yet been found for the faithful Agent who goes from house to house.

1910—A Bonus of $4,700,000.

The bonus offer for the year 1910 was far in advance of any that had preceded it, consisting of:

1. A cash bonus to the holders of Whole Life, $500 Endowment at Age 80 *and Increasing Life and Endowment* policies, bonuses on which last the Company had not been justified by its experience on these liberal contracts in theretofore paying, in force five years or more, payable on the anniversaries of the contract, if then in force, amounting to premiums for 5 weeks if duration should be less than 15 years, 10 weeks if from 15 to 19 years, 15 weeks if from 20 to 24 years, 20 weeks if from 25 to 29 years, and 26 weeks or one-half year if 30 years or more. In the case of holders of Whole Life policies who had passed age 75, this cash bonus was increased to 52 weeks' premiums, the new offer taking the place of the former concession which granted paid-up insurance at this age. Before 1910 bonuses had not been declared upon Increasing Life and Endowment policies, these policies containing provisions for guaranteed increases. Because of the guaranteed increases the policies had not earned bonuses. By the end of 1909 the group showed a surplus, and the Company was able to declare bonuses, and gladly did so.

2. A mortuary bonus on all 1910 claims where the policy had been in force for five years, similar to the offer of the preceding year.

3. The usual offer to pay Whole Life policies as endowments on reaching age 80.

The amount of bonuses paid during 1910 under these offers was over $4,700,000, marking an epoch in Industrial life insurance.

1911—A Bonus of $5,400,000.

Under date of January 3, 1911, the Company declared (1) a cash bonus similar to that for 1910, (2) a mortuary bonus with conditions and percentages similar to those for the preceding four years, payable on death claims in 1911 arising under policies issued on the Whole Life, $500 Endowment at Age 80, and Increasing Life and Endowment plans, and (3) the concession making Whole Life policies payable as endowments on reaching age 80. Mortuary bonuses on short-term endowments were discontinued, as they did not at that time seem to be any longer justified by the Company's experience with these plans. It was also announced that the Company would continue to pay mortuary bonuses on paid-up policies, and bonuses on maturing Increasing Life and Endowment policies, these bonuses having been previously maintained, although not specifically mentioned in the annual announcements. The cost of the 1911 bonuses was nearly $5,400,000.

1911—New Table for Sub-standard Lives.

In the middle of 1911 the Company added to its equipment a Twenty-five-Year Endowment table, for use in connection with the insurance of sub-standard lives.

1911—Improvement of Policy Provisions.

New policy forms were adopted July 1, 1911, omitting the extended insurance feature which had been introduced in 1907 (the ill-advised compulsory provision of the Armstrong law having been repealed), and in lieu thereof making the paid-up or free policy provision automatic.

In August, 1911, it was announced that Industrial policies in force under the automatic extended insurance provision might be revived without medical examination if not over fifty-two weeks in arrears, on payment of arrears in cash. Similar action has since been taken in connection with such policies when revived with lien.

1911—Bonuses Applied to Revive Lapsed Policies in Order to Pay Death Claims.

In September, 1911, Superintendents were notified that in event of the death of a policy-holder beyond the grace period, if at the time of death there should be due and unpaid a bonus which applied as a credit would have brought the premiums within the grace period, claim under such policy would be recognized. The rule was made retroactive.

1911—The Non-lapsable Policy.

Under date of October 9, 1911, announcement was made of the Non-lapsable Endowment policy, a new departure in Industrial insurance in this country by means of which deposits of $1 or any multiple of $1 might be made with the Company whenever convenient for the applicant, for the purchase of a liberal amount of paid-up insurance payable at death or on the anniversary of the contract succeeding the insured's sixty-fourth birthday—cash values being available after policies had been in force three years. A unique feature of this policy was the fact that no medical examination was required except in those States where it was compulsory as a matter of law. The policy was wholly an experiment, as there was no way of knowing whether there would be a public demand for a contract of this nature. If there was such a demand, the Company felt that it should be met. The demand never materialized, and the policy was withdrawn near the end of 1915.

1911—Automatic Revivals.

In 1911, after trying the experiment in certain territories, permission was gradually extended to all Agents to accept premiums less than fourteen weeks in arrears and put the policies in benefit without waiting for formal revival and without medical examination. This may be said to practically extend the grace period from four to thirteen weeks. The privilege has been availed of to an enormous extent.

1911—Ten Per Cent. Reduction of Premium Available.

Although the plan of group insurance offered in 1909 met with little response, the Company found in 1911 another method of cheapening Industrial insurance to the policy-holder who is willing to forego the service of the Agent.

There are many policy-holders (originally insured by Agents) who, from necessity or choice, pay premiums direct to the

Home Office or to one of the district offices. The Company realizes that as it is relieved from the expense of collection by Agents in such cases, the insured is entitled to share this saving in cost; and succeeded in 1911 in having the anti-discrimination laws of several States amended so as to permit this reduction. As a result, Industrial policy-holders who had been paying premiums for one year or more direct to the Home Office, or to one of the district offices situated in a State where laws permitted the concession, received, during September or October, 1911, a cheque for 10 per cent. of the premiums for a year back, and were advised that unless they should be otherwise notified, this concession would continue to operate in the future.

The provision was incorporated in the new policy forms adopted early in 1912, giving this privilege as a matter of contract, so that as to these no change in the anti-discrimination or anti-rebate law was necessary. It is believed that, as to old policy-holders, the general announcement of this privilege and the offer to stamp an agreement upon the old policies operated to avoid the restrictions of the statute. One Commissioner of Insurance and his Attorney-General so held, and favourable opinions of counsel on the subject were obtained. The concession, with slight modifications since found necessary respecting policies revived, now forms an important part of the Company's practice, the amount returned to policy-holders through its operation in 1916 alone being over $380,000.

1911—Privilege to Exchange Ordinary for Industrial.

Observation showing that many policy-holders wishing to obtain cheaper insurance and believing they could pay larger sums less often than weekly had applied for Intermediates and then had found they could not keep them up, the Company in 1911 began the allowance of cash surrenders on Intermediates before the three years provided by the policies, the money to be used to pay on Industrial policies; the surrender value being sufficient to pay many weeks in advance. The Company's subsequent experience with the new Industrial policies issued in this way did not seem to justify the continuance of the concession, and the allowances were discontinued after the end of 1915.

1912—Bonus of $5,300,000.

By an announcement dated December 26, 1911, a scale of bonuses was adopted for 1912, similar to that for 1911 except

at a few durations. The issue of 1907, which carried much larger benefits than the preceding issues, had not earned and did not receive bonuses. There was a modification in the policy-holders' favour in that all but the 52-week bonuses would be payable if the policies were in force at the *beginning* of the year, instead of at the policy anniversary, as provided in previous offers.

1912—Voluntary Increase in Benefits made Permanent.

Claims arising under the $115 Infantile Whole Life table in use during the years from 1887 through 1895 had been voluntarily settled for a number of years past on the basis of the more liberal $120 table issued in 1896. In April, 1912, the Board of Directors, by official action, made this a permanent concession, necessitating an addition of hundreds of thousands of dollars to the legal reserve required to be held by the Company on account of these policies.

1913—$5,900,000 in Bonuses.

The bonus announcement of December 26, 1912, applicable to the year 1913, was similar to that for the year 1912, with increases for certain durations. The amount paid in 1913 was $5,900,000—even larger than in previous years.

1913—Removal of Ratings.

In the early years of the Company, up to about the middle of 1894, it was customary to "rate" Industrial policies on lives not up to the usual standard, by reason of physical impairment or occupation (a custom still in use by other companies in Ordinary insurance for large amounts), by advancing the age five or ten years and giving only the benefit provided in the Company's tables for the advanced age. In June, 1913, all such policies then remaining on the Company's books having been in force for at least nineteen years, the Board of Directors authorized the removal of the ratings, thus placing these policy-holders on the same basis as the great body who had been accepted without rating.

1914—Bonuses Exceed $6,000,000.

The bonuses for the year 1914, announced under date of December 31, 1913, were similar in their nature to those for 1913. To prevent duplication, persons receiving the benefit of the Age 80 concession were made ineligible for any portion of a 52-week bonus extending beyond the 80th birthday. In this

year the six million dollar mark was passed in the amount of bonus grants.

1914—Extension of 52-Week Bonuses.

In March, 1914, the 52-week bonus to the holders of Whole Life policies attaining age 75 was made to apply also to $500 policies issued prior to 1907 under the Endowment at Age 80 table.

1914—Assumed Policies Liberally Treated.

In July, 1914, the Board of Directors appropriated $3,000 to be used to mature in 1914 certain endowment policies originally issued by the People's Insurance Company of Norwich, Conn., and subsequently assumed by the Metropolitan. According to their contracts these policies would not have matured until 1923, but the Company felt that the amount of insurance in the policies was not sufficient to justify so long an endowment term, and agreed to mature them for their full amount in 1914.

1914—Medical Inspection Waived in Small Towns.

The extension of the benefits of Industrial insurance to people living in the smaller towns has been seriously limited by the requirement of a medical examination or inspection by a qualified physician in the case of all applicants for insurance, which had been insisted upon by the Company for a great many years prior to 1914. In that year, however, the Company took an important step toward remedying this condition. Under date of September 15th, it was announced that thereafter no medical inspection would be required of any applicant (except in those States where medical examination was required by law) in any town or municipality where the population by the census of 1910 was less than 3,000, provided the insurance, including that already in force, was not in excess of $250. In place of the customary report by a physician, it was agreed that the inspection of a Deputy or Assistant Superintendent or an Agent with at least one year's service would be sufficient.

While this new arrangement increased the responsibility of the field men, it was believed that the measure would be more than justified by the extension of Industrial insurance to a widening circle of those who might need it.

1914—Increased Benefits under Infantile Policies.

In November, 1914, in order that the aid resultant from the payment of Infantile claims might be more substantial, the

benefits for the first six months of insurance on policies issued at ages 2, 3, 4 and 5 under the Whole Life table were raised from $12.50, $17, $20 and $24 respectively, for a five-cent weekly premium, to $25 at each age, and like changes were made in the ten-cent Convertible table. Under the Endowment at 80 table the first six months' benefits for a five-cent premium at ages 2, 3 and 4 were raised from $7.50, $10 and $12.50 respectively, to $15. These increases were made retroactive.

1914–1916—Liberal Treatment of Militia.

The Company has always acted on the side of liberality in its attitude toward military service on the part of Industrial policy-holders. Its action at the time of the Spanish-American and Boer wars has already been mentioned.

When relations between the United States and Mexico became critical in the early part of 1914, the Company issued a Circular Letter stating that policy-holders would be entirely free to enlist without prejudice to their insurance; and it was added that no special limitations would be imposed on new policy-holders without due notice. In 1916 the situation once more became strained and every one is familiar with the orders sending troops to the Mexican border. The Company, however, still refrained from introducing a war clause into Industrial policies issued in the United States and imposed no restriction on the issuance of such policies beyond a prudent limitation, during the particularly critical months, upon the plan and amount of insurance that could be written on those liable for service.

The European war has become so desperate in character and the losses have been so terrible that the Company has felt obliged, in the interest of the general body of its policy-holders, to withhold new insurance from those contemplating overseas service. Canadians not contemplating overseas service, including those enlisted for home defense, are accepted in the Industrial Department without condition up to $300, and with reasonable limitations for larger amounts.

1915—The Final "Bonuses"—$6,000,000.

The usual bonus announcement appeared under date of December 31, 1914, covering the allowances for 1915. Two important changes were a revision of the bonus scale and the inclusion of all policies issued by the Company during the years 1907 to 1910 inclusive, except short-term endowments.

Previously the scale had been based on even quinquennial factors—premium bonuses for 5 weeks, 10 weeks, etc., and mortuary or maturity bonuses of 5 per cent., 10 per cent., etc. The new scale was made to increase by intervals of one instead of five, so was much smoother. Premium bonuses covered the years 1879–1910, and ran from 5 to 27 weeks. Mortuary and maturity bonuses were for all issues prior to 1907 and likewise ran from 5 per cent. to 27 per cent. of the face of the policies. The usual concessions to policy-holders reaching age 75 and age 80 were unchanged.

The revision of the scale resulted in slightly smaller bonuses on a majority of the older policies, but this was made up by the fact that the inclusion of the years 1907–1910 added nearly 2,000,000 policies to the number entitled to bonuses. The total amount paid in 1915 was slightly in excess of $6,000,000.

This was, of necessity, the last of the Company's voluntary "bonuses." As subsequently explained, the mutualization of the Company in January, 1915, gave to policy-holders thereafter the right to such dividends as might be earned, as a contractual obligation.

1915—Mutualization!

The year 1915 witnessed the crowning achievement of the Metropolitan's career—its conversion from a stock to a purely mutual company. This was characterized by the Superintendent of Insurance of New York State as "by far the most noteworthy event of the insurance year in any branch of the business." To be sure, the Company had been dominated by the *spirit* of mutuality for many years. Since 1902, policy-holders had enjoyed the privilege of voting for directors, although limited by the provision in the Company's charter that not less than two-thirds of the directors must in the aggregate hold a majority of the capital stock. Dividends to stockholders had been limited to 7 per cent. annually on $2,000,000 capital. For many years it had been a cardinal principle that the surplus accumulations of the Industrial Department, over and above the amount needed as a margin of safety, should be returned to Industrial policy-holders. The stock at the time of mutualization was held by individuals whose lives were bound up with the traditions of the Company, and who took pride in its achievements and welfare.

In the very nature of things, however, the stock in any

corporation, through death or otherwise, has a tendency to change hands, and it sometimes happens that those who obtain control are unscrupulous and use their control for the furtherance of their own interest. It was felt, on general principles, that here was a latent danger to policy-holders which it was desirable if possible to eliminate. Mutualization also seemed to be in accordance with the spirit of the times, which has more and more come to look upon life insurance as a sacred trust, rather than a business that might be used to pile up huge profits for stockholders.

The mutualization of the Company was effected through the application of Section 95 of the New York Insurance Law, which a few years before had been especially framed to aid any company that might desire to become mutual, and a new charter was adopted under the provisions of Section 52. On November 6, 1914, the Board of Directors, by a unanimous vote, adopted a plan providing for the retirement of the capital stock at a price of $75 for each $25 share of stock. On December 4th, the plan was unanimously adopted by the stockholders, and on December 28th, it was ratified at a meeting of policy-holders, after they had been duly notified of the proposal in accordance with the statute. Examination was made of the Company at the end of the year to officially confirm the strength of its financial position, and on January 6, 1915, the capital stock was formally retired and the Metropolitan was turned over to its policy-holders as a purely mutual Company.

The surprisingly low price accepted by the stockholders for their stock, involving the appropriation of only $4,000,000 out of a total surplus of over $33,000,000, was the occasion of much favourable comment in the insurance and financial world and by Commissioners of Insurance. Much larger offers for stock control had been made, but the loyalty of the stockholders to the old Metropolitan led them to accept more moderate compensation combined with a plan that would insure the stability and honour of the Company's future.

The Company now belongs to its policy-holders. It is through their votes alone that directors are chosen and the entire assets and surplus of the Company are theirs and are held for their protection.

With the mutualization of the Company not only were all new policies made participating by their terms, but participation was extended as a contractual right to the holders of

existing policies. It was not expected that mutualization would increase the dividends to Industrial policy-holders beyond what they had received for several years past, inasmuch as the Company had turned back to them in the shape of "bonuses" as large an amount each year as was deemed consistent with safety. But the substitution of a contractual obligation to pay such dividend as might be earned, in place of the voluntary payments of bonuses while the Metropolitan was a stock Company, constitutes a privilege of no small value to Industrial policy-holders.

1915—Instalment Policies.

One of the most significant developments of life insurance in recent years has been the tendency to make the benefit payable in instalments so as to provide a regular income, instead of in one lump sum. While the advantages of income insurance are more manifest in the case of Ordinary policies, yet they apply in no small degree to Industrial insurance as well. Keeping abreast of the times, the Company announced in January, 1915, Industrial Instalment policies with a benefit of $5 a week, payable for fifty-two weeks, which might be written either on the Adult Whole Life plan, with premiums ceasing at age 75, or on the Adult Endowment at 80 plan. A valuable feature is that they are in full benefit from the date of issue.

When these policies were first issued, permission was given to write from one to four policies on a single life, according to the age. A careful watch was kept to see whether this might result in temptation to overinsurance. The evidence was that it did, and in September the benefit on a single life was limited to $5 weekly. The Company also tried the experiment of waiving medical inspection except in those States where it was required by law, or where there was other insurance, but experience showed that the time for this was not yet ripe, and since July, 1916, a medical inspection has been required in each case.

These Instalment policies are especially useful when taken out by a wage-earner in conjunction with a regular Industrial policy for a small lump sum, because there is thereby provided at the same time a burial fund and a weekly income throughout the trying period of the first year following bereavement.

1915—Premium Deposit Fund.

Although the law of New York State appears to prohibit the direct insurance of children under age 1, the Company has met with an insistent demand elsewhere for a contract of some

sort covering such children. At the beginning of 1915, the Company determined to try an experiment and established what was known as the Premium Deposit Fund. While no actual insurance could be given against death prior to age 1, the purpose was to establish a sort of savings fund into which premiums might be paid, which would apply to insurance on one of the Company's regular plans upon attainment of that age. For example, on a child aged four months, weekly premiums could be paid until age 1 was reached, and at that time the child would automatically become insured under one of the Company's regular policies, with premiums paid in advance for eight months. The plan was made to apply to the Company's Whole Life, Convertible and Twenty-Year Endowment plans. In case of death or lapse of the policy prior to age 1, it was agreed that all premiums paid, together with 3½ per cent. interest, would be returned. No medical inspection was required on children less than eight months of age, except in those States where the law required it.

The plan was well received and large numbers of contracts were issued, but serious difficulties arose in the matter of accounting. It was necessary for the Agents to keep special separate records of these contracts and payments thereunder, then after the attainment of age 1 to make the transfer from the Premium Deposit Fund to the regular Industrial account. This made complicated bookkeeping, and after a thorough trial it became manifest that the plan was imposing too great a burden upon the Agents and other members of the field force. Hence, at the end of 1915, it was announced that contracts of this nature would no longer be issued.

1915—Extension of Revival Privilege to Family Groups.

The value of the Company's concession permitting revival of policies with a lien, in lieu of payment of arrears in cash, has been especially manifest during periods of recovery from national financial depression, and at such times the Company has made special efforts to enlarge the usefulness of this provision. In January, 1915, following the depression of 1914, the Company made a notable Special Revival offer, somewhat similar to the temporary offer made in March, 1908, already described. The new offer was applicable to lapsed policies whose arrears were not less than 13 weeks, but did not antedate January 5, 1914, and its features were (1) that instead of

restricting the lien to the payments of arrears on a single policy, an entire family group might be revived, provided the combined arrears were not less than $2 (to avoid small bookkeeping items) and provided that any one or more of the policies had a reserve not less than the proposed lien; and (2) the waiver of medical examination if the arrears did not extend back of the beginning of 1914. The offer also permitted the revival with lien of policies issued since 1906, which, on account of their conditions, had previously been excluded from Special Revival.

This offer met with instant favour and resulted in the revival of hundreds of thousands of lapsed policies. So popular and useful did it prove, that under date of December 10, 1915, a permanent concession embodying the group feature was substituted for the temporary measure. This provides that any policy or family group of policies with premiums in arrears for not less than 13 but not more than 104 weeks may be revived without cash payment, but with a lien bearing 4 per cent. simple interest, provided the lien is not less than $2, and that the policy revived, or any one or more of the policies in the family group, has sufficient reserve to cover the proposed lien. Evidence of insurability must be given, although an actual medical examination is not required unless policies are more than 26 weeks in arrears.

1915—Equalization of Benefits.

In the years 1881–1893, the Whole Life policies issued by the Company on coloured lives were on a table which provided benefits amounting to only two-thirds of those for white lives. In July, 1915, the Board of Directors passed a resolution that thereafter claims under these policies should be paid for the amount of corresponding white benefits instead of the two-thirds benefits appearing in the policies.

1916—First Dividend under Mutualization—$5,430,000.

The first dividend payable under the right to participation which had been extended to Industrial policy-holders as a result of mutualization was announced for the year 1916 in a Circular Letter dated December 31, 1915. The Company followed the general scheme of previous years under which part of the distribution had been in the form of premium credits to living policy-holders, and part in the form of additions to death claims and maturing endowments. The combination by

the Metropolitan of these two forms of distribution had proven so serviceable to policy-holders that the New York Legislature had, in 1915, amended the Insurance Law in such a way that existing methods might be continued. The Company also renewed the usual offer under which Whole Life policies attaining age 80 are matured as endowments.

In previous years certain plans of insurance, principally short-term endowments, whose experience had been less favourable than that of other plans, had been excluded from the bonus offers. Under the new conditions, however, it seemed more consistent with the principles of mutuality that all policies, of whatever plan, that had been in force for five years should share in the dividend distribution. The addition of the short-term endowments, together with the 1911 issue, increased the number of policies sharing in the distribution by nearly 2,000,-000. As the *total* amount available was no larger than in previous years, the result was that moderate decreases were necessary in the dividend scale. The new scale provided for premium credit dividends on policies issued from 1879 through 1911, equal to premiums for from 4 to 22 weeks, and the usual 52-week dividend to the holders of Whole Life policies attaining age 75; also for mortuary and maturity dividends on the issues from 1879 through 1906, running from 4 per cent. to 22 per cent. of the face of the policies. To equalize in some degree the differences in the amount of insurance, no mortuary dividends were payable on policies issued for the increased benefits given since January 1, 1907; and for the same reason the $500 to $1000 Life and the even $500 Endowment at 80 policies issued in the earlier years were excepted from the mortuary dividend.

The total amount paid during the year 1916 was $5,430,221.91.

1916—Still Another Increase in Benefits!

In its habit of raising benefits under Industrial policies, the Metropolitan is irrepressible. As the improvement in general mortality continues, and it becomes evident that it will be permanent, the Company increases its insurance benefits to correspond. Based on the results of a new mortality table covering a period of several years, the Company announced early in 1916 new benefits under its principal table—Whole Life, Paid-up at Age 75. As on previous occasions, the increased amounts of insurance were startling. For age 2 at

entry, the amount of insurance after the attainment of age 10 was $214 for a weekly premium of five cents, against $190 under the existing table. For age 10 at entry, the amount increased from $150 to $162; for age 20, from $105 to $113; for age 30, from $79 to $82; for age 40, from $57 to $58. At the higher ages there was little or no increase, because the principal improvement in mortality had been at the younger ages, but at no age was the insurance reduced. The first policies under this table were issued March 6th, the increased benefits being made retroactive to the beginning of the year.

At the same time the Endowment-at-Age 80 (sub-standard) table was revised in accordance with the Company's more recent experience on the class of lives insured under this table. At some ages the insurance was increased and at other ages there was a decrease.

1916—Disability Clause.

With the adoption of revised policy forms in 1916 in connection with the new tables of benefits, the Company announced a feature new to its Industrial policies, to take effect with the issue of March 6th, covering disability resulting from the loss of both hands or both feet, or one hand and one foot, or of the sight of both eyes. The new disability clause appears in all except the Instalment policies, and provides that in the event of the loss described, the Company will immediately pay one-half of the amount of insurance then payable in the event of death and will issue a free or paid-up policy in lieu of the old policy, for the remainder of the insurance payable at death or maturity, according to its terms. This additional benefit is given without extra cost to the insured. In December, the concession was made to apply to all Industrial policies, whenever issued, provided the disability as defined in the policy occurred on or after March 6, 1916.

1916—$250 Twenty-Payment Life Policy.

In August, 1916, the Company announced a new Twenty-Payment Life policy for $250, in response to a widespread demand. One of the attractive features of this policy is that of full immediate benefit. In order to safeguard the grade of business written, it is required that not less than four weekly premiums must be paid by the applicant at the time the application is written.

1916—Provident Plan of Accounting.

The keeping of the accounts of the many millions of Industrial policies on the Company's books, with its attendant expense, has always constituted one of the greatest problems of the business, and much time and thought have been expended upon efforts looking toward simplification. While economies have been effected in numerous minor details, the real goal has been a complete change of system that would eliminate the fundamental troubles of the old methods. A few years ago the Company gave a thorough test in two of its Districts to a system of some promise that had been adopted by one of the largest of the German companies, but the results indicated that nothing would be gained by its adoption.

Research, however, was continued, and the goal seems finally to have been reached in the latter part of 1916. The solution was found in a system designated the Provident Plan of Accounting, devised by Third Vice-President F. F. TAYLOR, and worked out in all of its details by Mr. TAYLOR, Mr. FLETCHER and others after many months of careful study. A thorough trial in two large Districts, followed by others, demonstrated the entire practicability and simplicity of the plan, and work is already well under way toward its installation throughout the entire field of the Company's operations. The Provident Plan undoubtedly constitutes the most revolutionary change in the system of accounting in the whole history of Industrial insurance.

The essence of the plan lies in the substitution of individual receipts, with carbon copies, for the time-honoured Premium Receipt Books, and the adoption of "group numbers," each group number covering all of the policies in a family group. Incidentally the Provident Plan emphasizes the thought that Industrial insurance is essentially family insurance. The policies in the family group are listed on a Family Group Premium Card; and whenever premiums are collected the premium-payer is given a coupon receipt, covering all of the policies in the Group. A specially designed envelope, with pocket, is given to the policy-holder, in which to keep the Group Card and receipts.

The carbon copy of the receipt is turned in to the District Office at the end of the day by the Agent, along with his collections. The office clerk then checks the collections with the carbon coupons, and gums the coupons on large loose-leaf sheets (one for each family group) ruled in squares which accom-

modate coupons for 52 weeks. The sheets are bound with one binder for each Agent. Thus the District Office has at all times a complete record of the status of every individual policy—something never before known. If a policy-holder calls at the District Office, full information regarding his policies is now immediately available.

One of the principal objectives of the Provident Plan has been to relieve Agents as far as possible from the burdens of bookkeeping. In place of the old bulky collection book, the Agent carries a Route Book, in which he records the dates of last payment by family groups, instead of individual policies. The summarizing of collections is effected on the stubs of the official coupon receipt book, and is made exceedingly simple. The Provident Plan, in fact, has been so worked out that very little bookkeeping of any sort is required of the Agent. The importance of this can hardly be overestimated. He now becomes an insurance man rather than a clerk or an accountant. He gets through his collections earlier, because his entries are simpler, and he does not have to wait for policy-holders to produce their Premium Receipt Books. He has more time to devote to canvassing for new insurance—Ordinary and Industrial—and greater opportunities to aid in carrying out the Company's Welfare activities. The Provident Plan is expected to bring about greater permanency in Agency service and save numerous final accounts. Large numbers of Agents, otherwise competent, have been forced to discontinue their service with the Company simply because of inability to master the intricacies of the bookkeeping required of them or their lack of care in accounting. The lapsing of business and the expense resulting from final accounts have been among the most unfortunate features of Industrial insurance, and if the reduction of final accounts is as great as is expected under the Provident Plan, the saving to policyholders will be of considerable importance.

It is not alone on final accounts that the Provident Plan is expected to save lapses. As the District Office will now have records showing the status of each individual policy, special measures can be taken to save business in danger of lapse.

It is true that the lessening of the Agent's clerical burdens will result in some increase in the number of district clerks. This, however, should be more than offset by the gradual reduction in the number of Deputy Superintendents required. Field inspections, as now conducted, and the proving of debits will

become things of the past. "Deficiencies" should become practically unknown, also "excess arrears," for the office clerk will lapse all policies beyond the grace period. Life and Lapse registers for individual Agents will disappear. It is also expected that the plan will result in great economies at the Home Office. The recording of "in district" transfers will apparently be no longer necessary, and this feature alone will save an enormous amount of labor and expense.

To summarize, it is confidently expected that the effects of the Provident Plan will be far-reaching in the reduction of expenses, saving of lapses, permanency of Agency service, relief from Agency worries, and opportunity for canvassing and for Welfare Work. To policy-holders and Agents alike, its adoption should prove to be an epoch in the history of Industrial insurance.

1917—Second Dividend under Mutualization—$6,500,000.

Announcement was made in December, 1916, of the dividends apportioned for the year 1917. The nature of the dividends and the scale were similar to those for the year 1916, except that there were substantial increases at many durations, especially for the earlier years of issue. The premium dividends vary from 4 weeks on the issue of 1912 to 26 weeks on the issues of 1879 to 1882 inclusive, and the mortuary and maturity dividends run from 4 per cent. on the issue of 1906 to 26 per cent. on the issues of 1879-1882. The concessions of former years to policy-holders attaining age 75 and age 80 are the same as in preceding years, together with a new form of dividend—an addition of 1 per cent. to the face of the policy—on Whole Life policies which have become fully paid-up by their terms on reaching age 75. Because of the fact that there are 53 Mondays in 1917, the "52 weeks" dividend of former years became 53 weeks in the offer for 1917.

The estimated amount to be distributed under this offer is about $6,500,000.

Improved Methods of Paying Dividends.

The Company has not rested content with *declaring* bonuses and dividends; it wants to *pay* them. Strange as it may seem, one of the most perplexing problems that has arisen has been to actually get the bonuses and dividends into the hands of all of those entitled to them. In spite of announcements

given the most prominent place in *The Metropolitan* and in the newspapers, many policy-holders are ignorant of their privileges, and would never receive their due but for the Company's untiring efforts. As an efficient means of accomplishing this end, in connection with cash bonuses, the Company adopted in 1907 the plan of writing a receipt for every bonus payable, and forwarding these receipts to Superintendents and detached Assistants each week for attention, these receipts furthermore being listed on a separate schedule furnished to the district office. Clerks in these offices were instructed to check off bonuses on the schedules as they were paid, the unchecked items constantly serving as a reminder of neglect or delay in payment. As every receipt had to be disposed of, this method was intended to insure the payment of practically all bonuses, the Company not relying upon the vigilance of the insured or the Agent. This measure compelled in the year 1911 the writing of over five millions of receipts.

The bonus offer for 1912 provided that all premium bonuses except those for 52 weeks should be payable on policies in force at the beginning of the year, instead of on the anniversary as theretofore. This permitted for the first time payment of all of the premium bonuses in a family group at once, and it was believed that the crediting of such bonuses might now be handled efficiently in the field, without the labour of first preparing the receipts at the Home Office. The new plan, as first adopted, provided that Agents should notify policy-holders of the bonuses due, and that the policy-holders should then call at the district office to obtain the bonus credits; but little by little arrangements have been completed for payment at the home of the insured, and now dividends are credited almost entirely by Field Clerks or Deputy Superintendents.

The Agent is required to keep track, in his collection book and by periodical reports, of the dividends credited and those remaining uncredited, and a constant watch is kept both by the Superintendent of the District and at the Home Office, to see that outstanding items are taken care of as promptly as possible. Instructions have been given to the Agents not to lapse policies while there are still any dividends that can possibly be credited. When death claims come in to the Home Office, examination is made to ascertain whether there are any dividends or bonuses that have been unpaid, and if such is found to be the case, the amount is added to the

claim cheque. The 52-week dividends, which involve premiums for an entire year, are still handled according to the old system under which receipts are made out at the Home Office.

The Provident Plan is expected to result in even greater efficiency in the payment of dividends. They will be paid by the Agents, and there will be records at the District Office so complete that policy-holders should receive credit, practically without exception, for every dividend that falls due.

Total Dividends and Bonuses $61,000,000 in 21 Years.

The generosity of the Company's declarations of dividends and bonuses, combined with the efficiency of the methods used to pay them, has resulted in producing an aggregate total that is astounding. The amount of voluntary bonuses paid or credited to Industrial policy-holders during the nineteen years, 1897-1915, was FORTY-NINE MILLIONS OF DOLLARS, while the dividends paid or credited in 1916, together with those apportioned for 1917, will amount to nearly TWELVE MILLIONS OF DOLLARS, making a grand total of about SIXTY-ONE MILLIONS OF DOLLARS during a period of twenty-one years. The additional cost of concessions, beginning twenty-three years ago, in reserve liability has been over FOUR AND ONE-HALF MILLIONS OF DOLLARS.

The Fight against Lapses.

A notable achievement of the Company during the past twenty-five years has been the progress it has made in its efforts to reduce lapses. Critics of Industrial insurance lay great stress on the large number of persons who take out insurance and then after payment of premiums for varying periods, permit the insurance to lapse. These critics sometimes make the evils of lapsing appear much worse than they really are. As a matter of fact, lapsing policy-holders are seldom the victims of serious loss. The great majority of lapses are on policies of less than three years' duration, and of these, more than one-third lapse within the first three months and three-fourths within the first policy-year. After three years, the policy-holder has non-forfeiture privileges that secure to him in one form or another the reserve on his policy, less a moderate surrender charge.

Nevertheless, it cannot be denied that lapses do constitute a most unfortunate feature of the business, a feature, however,

by no means confined to Industrial insurance, but which also characterizes all life insurance, and it has been the Company's constant effort to prevent them. Space need not be taken to set forth in detail the measures that have been adopted with this end in view. The methods of compensating the field force have been so fixed as to penalize lapsing and encourage persistence. Special effort is constantly made to prevent the writing of a grade of business that is likely not to persist. Revival of policies is encouraged in every possible way, for every revival nullifies a lapse. Honour rolls are frequently published, based on persistence of business. Second Vice-President GASTON has made lapses the subject of many forceful addresses, which reveal a deep study of the subject and present practical plans. In the Triennial Conventions of 1916 held throughout the country, where Vice-President FISKE met over 9,000 field men, he made lapses the principal topic in his addresses to the Agency force.

Let us see what the results have been. Since lapses predominate in the first policy-year, the lapse rates for that period will serve as an index. Following are the results of four tabulations that have been made of first-year lapses:

POLICIES ISSUED DURING	PER CENT. OF ISSUE LAPSED DURING		
	First 3 Months	First 6 Months	First 12 Months
1896	38.17	52.71	61.87
1903	26.96	39.90	49.89
May, 1909	22.34	32.08	41.10
Dec. 1911	15.86	26.18	35.13

These figures speak for themselves. A tabulation is now being made for the year 1916, and it is believed that the results will easily show the best record yet.

A Summing Up.

The foregoing Schedule has set forth some of the offerings of the Metropolitan to its policy-holders, of the sort that are measured in dollars and cents, which have been made possible by the marked improvement in the Company's mortality, the continued reduction of the expense rate achieved by the constant efforts of the officers in the direction of economy and efficiency, and the excellent interest returns due to wise in-

vestment of funds. The reduction in the expense rate alone has been notable. In 1895 it was 47.9 per cent.; in 1900, 43.8 per cent.; in 1905, 42.8 per cent.; in 1910, 36.1 per cent.; in 1915, 33.4 per cent. These ratios exclude welfare expenditures. The accumulation of these unforeseen savings has been accomplished, in part at least, by efficiency of management, and the distribution of them proves the faithfulness of the Officers to their trust. It has been the controlling aim of the Company to return to old policy-holders as much as possible of the surplus that their policies have earned, and to give to new ones the cheapest insurance possible in the light of the Company's experience. Mention might also be made of the gain to Industrial policy-holders generally because of the advances that other companies have made so far as they have followed the Metropolitan's lead.

These benefits have not been awarded to policy-holders at the expense of the Agents. Their earnings have been increased substantially in the last five years, and in the last fifteen years *their earnings have doubled*. This has been accomplished in part by improved methods of administration whereby the number of Agents earning the total has been reduced; and in part by the education of the Agents in the writing of Ordinary policies. The Company has given the Ordinary insurance business to the Industrial Agents instead of employing General Agents in a separate department at large expense, as other Industrial companies have done.

The increased earnings have had the effect of greatly improving the personnel of the Agency force. Standards for employment as Agents have constantly been raised, and Agency methods have been changed so as to result not only in greater economy for the Company, but better pay for the individual Agent. As a result, the grade of the Agency force to-day is higher than ever before—which means more intelligent and efficient service to the Company's policy-holders.

Health and Welfare Work.

Industrial insurance exists because it serves society. Every one of the accomplishments reviewed in this Schedule has been, we hope, a contribution to the public weal. But aside from the events that have been catalogued, the Company has been engaged in another line of activity, which has fitly been designated its "Welfare Work." The work has been rather more

closely identified with the Industrial than with the Ordinai Department, 'and any review of Industrial achievemen would be incomplete without a description of the activiti mentioned. But the subject is so large and in a way so di tinct, that it has seemed fitting that a record of the Compan) HEALTH AND WELFARE WORK should be given in separate Schedule.

Schedule—Ordinary Department.

In the Ordinary Department, using the term in its broader ense, four distinct classes of policies are issued:

1. Ordinary (in the original and more limited sense)—policies for $1,000 and upward, on first-class lives.
2. Intermediate—policies for $500 and multiples thereof, lesigned primarily for the better class of workingmen.
3. Special Class—policies adapted to sub-standard, or under-average lives.
4. Group—policies issued on special groups of one hundred r more persons without medical examination.

Under the heading "ORDINARY POLICIES" will be considered ore especially policies of the first-named class, together with atters of more general nature applying as a rule to all classes. nder the headings "INTERMEDIATE BRANCH," "SPECIAL ASS POLICIES" and "GROUP INSURANCE" will be considered iefly those features that apply distinctively to policies of the cond, third and fourth classes.

1. ORDINARY POLICIES.

"It is also our design to *reorganize the Ordinary Branch* d to place a variety of tables in your hands to meet the rying wishes of insurants, and at such rates and with such tractive features as will enable you to more than compete th other Ordinary Companies operating in your field."

This declaration, appearing unostentatiously in the Company's Christmas announcement at the end of 1891, marked the l beginning of the development and expansion of the Metrolitan's Ordinary business which has been one of the marvels the life insurance world. The Company, it is true, for some ars after it commenced business early in 1867, as an Ordinary ompany, wrote what was then considered a large volume of usiness. Over eleven million dollars of insurance were written n each of the years 1870, 1872 and 1874, while in the banner year 1873 the amount was $17,753,399. But the finances of the Company were not yet on a solid basis, and the growing cost of new business resulting from the increasing rates of commission

paid by the larger companies made it impossible for the Metropolitan to continue writing so large an amount of new insurance. The inability to meet competition resulted, in fact, in a very rapid falling off of new business, and in the year 1879 less than a million dollars was written. The latter part of 1879 witnessed the introduction of Industrial business, and its immediate success seemed to make it so clear that the Company had found its true mission that all of the enthusiasm and efforts of the Officers and Agency force were directed toward the new field, and during the years 1879-1891 but little attention was paid to the obtaining of new Ordinary business or the development of attractive policy forms.

At the end of 1891, however, the success of the Industrial business had placed the Company on a sound financial basis, and it had 5,000 men in its employ in the field. It was then that the Officers realized that the Metropolitan might also fill a large sphere in the writing of Ordinary business. It became their firm conviction that not only were these 5,000 men in a position to write Ordinary business if attractive policies were offered and an aggressive campaign inaugurated, but that they could advantageously write it somewhat more cheaply than Agents of purely Ordinary companies who had no other source of income, and that by giving them the opportunity to canvass for Ordinary insurance the income of the Agents would be augmented and the personnel of the field force gradually improved by the addition of high-class men who would be attracted by the enlarged opportunities.

1892—New Tables.

The new tables covered a wide range of non-participating contracts that were attractive not only because of their low cost, but by reason of their variety of plan and comparatively liberal features. The plans comprised Whole Life; Single Premium Life; Limited Payment Life, with premiums payable for 10, 15 and 20 years; Endowments maturing in 10, 15, 20, 25 and 30 years; the Endowment with Mortuary Additions, for 10, 15, 20 and 25 years, consisting of a regular Endowment policy with proportionate additions to the death benefit each year; the Expectation of Life, a low cost term policy covering the period indicated; the Life with Increasing Insurance, adding one-tenth of the face of the policy for each completed five-year period the contract should remain in force; and the

Life with Return of Premiums, providing for the return of all premiums at death in addition to the face value.

All of these policies (except the Single Premium Life) contained a provision for paid-up values after payment of premiums for three years, those on the Limited Payment and Endowment plans being for such a proportion of the face of the policy as the number of full years' premiums paid should bear to the total possible number required by the policy. All restrictions as to travel and occupation were waived. Rates were on the average twenty per cent. lower than those previously charged. Females, formerly excluded, were given the privilege of insurance, payment of an extra premium of $5 per $1,000 insurance being required up to age 49.

These new tables were published in a book, from the preface of which we have made a quotation in the introduction to these schedules. This was a new thing in Ordinary insurance as an exclusive plan and the action of the Company was revolutionary and has led to important reforms which we shall describe later.

1894—"Guaranteed Dividend" Policies.

The Company's Agents frequently found in competitive cases that, despite the disappointing results of the deferred dividend policies maturing in some of the companies, many persons were still strongly attracted by the idea of dividends and in fact had come to regard them as an essential part of a life insurance contract. This condition gave rise to the thought that the Metropolitan might issue a policy that would *guarantee* to the insured, in addition to the face amount, a sum at the end of twenty years which should correspond in principle with the dividend payable under the twenty-year deferred dividend contracts issued by mutual companies. The Guaranteed Dividend policy was the result. Premiums were the same as those charged by the leading mutual companies for a Twenty-Year Endowment policy, and at the end of the period mentioned an additional cash payment was guaranteed, provided the insured were living, varying on a $1,000 policy from $260 at age 21 to $1,540 at age 60. Conditions as to occupation were made more liberal than formerly, and a new feature was introduced in the provision for cash and loan values after five years' premiums had been paid. No extra charge was made on female risks.

The thought of a guaranteed "dividend" in place of an estimated one proved so acceptable to those whose experience

with deferred dividend estimates had not been gratifying that the new policy was an immediate success, and it was retained, with suitable modifications, when they seemed advisable, until the end of 1907. During 1907 it was designated "Guaranteed Increased Endowment." The Company, however, was unable to issue it in New York State in the year mentioned because of the Standard Policy law.

1895-9—Liberalization of Contract Conditions.

On November 15, 1895, a decided advance was made in policy forms generally. All restrictions as to military and naval service, and as to occupation, except in connection with the sale or manufacture of alcoholic liquors, were removed. The suicide limit was reduced to two years, and a clause was introduced providing that the policy should be incontestable after two years except for non-payment of premiums or for fraud or misstatement of age. Loan values were provided for after three years, and actual figures showing the amount of loan and paid-up insurance at the end of each year were inserted in every policy. Naturally these loan values were also available as cash surrender values, except for the charge of one year's interest in advance. These new features were made to apply to all plans except the Expectation of Life, which had fallen into disuse, and, as to loan values, the Guaranteed Dividend, on which policy these values were granted only after five years, the limit not being changed to three years until 1897. Extra premiums for women were discontinued on new Ten-Payment Life and Ten-, Fifteen- and Twenty-Year Endowment policies.

In January, 1897, a copy of the application was attached to each policy, and this practice has ever since been continued. It was not applied to Intermediate contracts, however, until some years later.

The rate of interest on policy loans had up to June 1, 1897, been six per cent., but on that date the rate was changed to five per cent. for loans granted thereafter. The net yield to the Company has been much less than this five per cent. by reason of the expenses incident to the care of these loans, and the low rate was only justified because of the saving of lapses in cases of extreme necessity through the operation of this concession. At the beginning of 1914, partly as a result of the general increase in interest rates and partly to discourage the growing abuse of

the loan privilege, the rate was again fixed at six per cent. for policies thereafter to be issued.

In the middle of 1897 the Company took recognition of the fact that the purchasers of policies containing an endowment feature often feel at maturity they may be in a position where they would rather continue the insurance for the same or a larger amount than receive the entire endowment in cash. As a means of providing for such a contingency, a table of Options of Settlement at the end of twenty years was adopted for insertion in Guaranteed Dividend contracts. In lieu of the full amount of endowment (including the "guaranteed dividend") in cash, the insured was given the privilege, upon evidence of insurability, of applying this amount to the purchase of paid-up life insurance, of continuing the insurance at the face amount and receiving the balance of equity in cash, or of accepting the face of the policy in cash and applying the balance to the purchase of paid-up insurance, all of these options being mathematically equivalent. Later, in extension of this principle, another option was adopted, providing for a life annuity, equal to the annual premium that had been paid, and the application of the remaining equity to the purchase of paid-up insurance. These options were applicable at first only to policies of $2,500 or over, but in 1899 the minimum was reduced to $2,000, and in 1902 the concession was granted to $1,000 policies. The idea of options proved popular and has since been extended to some of the other forms of policies. From October, 1899, until the Standard Policy forms were adopted in 1907, all Endowment policies for $2,000 or over contained options providing, in lieu of cash at maturity, upon evidence of insurability, either the application of the entire endowment to buy paid-up life insurance, or continuation of the original amount of the policy, without further payment of premiums, and the balance of equity in cash. Attractive groups of Options of Settlement form to-day a valuable feature of the Modified Endowment and Reduced Premium Life policies.

In May, 1899, the extra premium on firemen was reduced from $10 to $5 per $1,000 insurance. Other modifications took place at times in the schedule of extra charges. In 1907 the plan of extra premiums was done away with entirely, and risks below grade, but still insurable, were either limited as to plan or offered Intermediate or Special Class policies. The extra premium on female risks was discontinued, and a generous

concession in 1908 removed such extra chargé even from those women who were paying it under old policies.

1897—Instalment Policies.

About 1897 the Company issued its first instalment policies, that is, policies providing that the benefit shall be paid, not in one sum, but in a series of equivalent equal annual payments extending over a specified number of years, the aggregate amount being larger than if payment were made in one sum by reason of the interest allowed the payee. Business men often question the wisdom of leaving to their wives, proverbially inexperienced in financial matters, the responsibility of investing the insurance money which may be their main support, and the instalment policy appears to be an effective remedy. The Company has at different times offered various contracts of this sort, and since the beginning of 1907 all policies have contained instalment features as modes of settlement.

1898—Cheap Twenty-Payment Life or Endowment Policies.

The middle of 1898 was made notable by the introduction of the Optional Life or Endowment policy—an application of the principle of the Guaranteed Dividend to the Twenty-Payment Life plan. This policy included all of the elements of a regular Twenty-Payment Life, with premiums about the same as those of the leading mutual companies for this form, rates being the same for men and women. At the end of twenty years the holder was given the privilege, among other things, of continuing the insurance without further payment of premiums or taking the full reserve as a cash value. In addition to all of this, a pure endowment, ranging from $280 at age 21 to $1,395 at age 55, on a $2,000 policy, was guaranteed at the end of the twenty years, corresponding, as in the Guaranteed Dividend policy, to the deferred dividend in a mutual company, but without its uncertainty. This additional benefit represented in reality the amount of pure endowment purchasable by the excess of the actual premium charged (the same as the rate of mutual companies) over the amount regularly charged by this Company for a straight non-participating Twenty-Payment Life. A variety of Options of Settlement were given, and others afterward added. The policy also provided—for the first time in Metropolitan history—for grace of one month in the payment of the second annual or any subsequent premium. This policy

"took" with the public immediately, and at one time over forty per cent. of the new Ordinary business was on this plan. The operation of the Standard Policy law excluded it from New York State during the three years 1907-1909, but with the repeal of that law it was reinstated, and, despite its setback, it is still, under the name "Modified Endowment with Life Option," adopted at the beginning of 1907, a popular contract. It provides at the younger ages a happy medium between a Twenty-Payment Life and a Twenty-Year Endowment, and its Options of Settlement at the end of twenty years are most attractive, being at the present time (1) the full endowment amount (reserve plus pure endowment) in cash—always in excess of total premiums paid, (2) a paid-up life policy of largely increased amount, upon evidence of good health, (3) continuation of the insurance—fully paid-up—and the pure endowment in cash, (4) a life annuity for four per cent. of the total premiums paid in, combined with a paid-up life policy, in most cases in excess of the total premiums paid, and (5) the application of the entire endowment amount to purchase a life annuity. When the contract was first issued in 1897, $2,000 was made the minimum amount of insurance that would be accepted, but in July, 1900, this limitation was removed. Other modifications have been made from time to time. The additional pure endowment now ranges, on $1,000 of insurance, from $184 at age 20 to $560 at age 55.

1898-1899—Coupon Bond and Gold Bond Policies.

Many companies had at various times been issuing policies in which the death or endowment benefit took the form of bonds or debentures, and the advent of the free silver propaganda gave considerable attractiveness to such plans when payment was guaranteed in gold. In November, 1898, the Company, to meet what seemed to be a general demand, announced a Gold Coupon Bond policy on the Whole Life plan, and in March, 1899, announced the extension of this principle to a whole group of plans to be known as the "Gold Bond" policies, embracing Whole Life, Limited Payments for 10, 15 and 20 years, and Endowments for 10, 15, 20, 25, 30 and 40 years, also Single Premium Life and Endowments. In the first Coupon Bond contract the bond had been a part of the printed policy itself, the forty coupons, payable at death and at the end of each period of six months thereafter, being actually attached,

but in the later Gold Bond policies, it was simply agreed to issue a certain number of bonds, in denominations of $1,000, at death or maturity. These policies were essentially similar to the regular forms, except in the provision that the benefit should be paid, instead of in cash, in the form of these bonds, whose principal and interest should be payable in gold. The bonds were to run for twenty years and bear five per cent. interest payable January 1st and July 1st.

1898-1899—Military Restrictions Waived.

The liberal treatment of policy-holders, not only Industrial but Ordinary as well, who desired to enlist in the Spanish-American War in 1898, also of those among the Canadians who might wish to serve in the Boer War the year following, was noteworthy. Clauses in older policies placing limitations upon military and naval services were waived for the period of the war, and no restrictions were placed on existing or prospective policy-holders; and in connection with the Spanish war it was said that the Metropolitan's action was more liberal than that of any other company.

1899—Increased Cash and Loan Values.

In October, 1899, the Company saw its way clear to grant more liberal loan and cash surrender values than those originally adopted in 1895, and the increases were in most cases large. A new plan, so far as the Company's policies generally were concerned, was adopted in connection with these concessions, which plan had been incorporated in part in the Optional Life or Endowment, and in its fulness in the Gold Bonds. Previously cash values had not been specifically mentioned, except in the case of a few special plans, such as the Guaranteed Dividend and the Gold Bonds, such values being in effect the loan values less a year's interest. With the adoption of the Optional Life or Endowment in 1898, while no mention had been made of cash values, a new principle had been introduced in the loan provision. This principle embodied the computation of the maximum loan value for any year on the basis of the reserve (less a proper surrender charge) at the end of the year following, but the stipulation was made that in order to obtain such loan value, it would be necessary for the insured to pay the premium for this following year or allow its deduction from the loan. For example, at the end of five years, the fifth year's loan value

(based on the sixth year's reserve) would be available only upon payment of the sixth year's premium. It was believed that this plan might be of service in reducing lapses.

When the Gold Bonds were introduced, this plan relative to loan values was adhered to, and in addition a separate clause and separate schedule of figures were inserted making provision for cash values. In all cases the amount of the cash value was simply the amount of loan value for the previous year. That is to say, the fifth year's loan was the sixth year's cash value. The plan thus incorporated in the Gold Bonds was the one adopted generally in this 1899 revision of values, and it was maintained until August 1, 1906. Naturally, no change was made in the values of the Gold Bonds, or, with the exception of inserting cash values, in the Optional Life or Endowment. Further evidence of the Company's liberality was shown in making the increased cash and loan values retroactive as to all existing policies.

On August 1, 1906, the practice relative to loans was changed in that the amount available, instead of the "loan value," with deduction of the ensuing year's premium and of interest in advance, would be the "cash surrender" value, without deduction of premium, and without deduction of interest in advance (unless the loan should be made within three months of the next anniversary date of the policy, in which case interest to the anniversary would be deducted), and that thereafter interest on both old and new loans, with the exception noted, would no longer be required in advance, but at the *end* of each yearly period. Needless to say, the Company honoured in all cases the contractual rights of any policy-holder who might desire a loan on the old basis.

1899-1912—Annuities.

It is a proper function of a life insurance company not only to provide indemnity in case of death, but to enable provident persons to secure themselves against the financial difficulties of old age. To a person well along in years, no plan yet devised can secure so large an income from the investment of those funds which may constitute the sole source of maintenance, with the certainty that this income will remain undiminished throughout the whole of life, as the annuity. The new rate book of 1899 introduced tables of rates for annuities payable annually, semi-annually and quarterly throughout life, which were

remarkably liberal. The adoption of the three and one-half per cent. basis of valuation compelled an increase in the rates charged at the beginning of 1901, and at the end of 1907 another adjustment was necessary because of the standardization of McClintock's Annuity Tables as a basis of valuation by the New York Insurance Department. Previously no distinction had been made between the sexes, but these new rates embraced separate tables for males and females—a much more equitable arrangement, in view of the demonstrated superiority in the longevity of female annuitants. At the end of 1909 the rates for females from ages 10 to 49 inclusive were reduced. Another revision downward in both the male and female rates was made early in 1912, and the Metropolitan's rates are now among the very cheapest offered by any of the life insurance companies in the country.

Recently it has been the practice of the Company to give the purchaser of an annuity the benefit of *quarter years* of age in determining the price to be paid.

1903—Reduced Premium Policy—Premium $10 per $1,000 after Twenty Years.

In September, 1903, the Guaranteed Premium Reduction policy was replaced by one which has proven far more successful —the Reduced Premium Life policy, known since the beginning of 1907 as "Life—with Premium Reduced after Twenty Years." Once more was applied the principle of charging rates about the same as those asked by mutual companies and applying the excess over the usual Metropolitan rates to purchase some attractive guaranteed benefit to add to the policy. This time the Whole Life plan was selected, and the benefit was that after twenty years should have been paid, the premium would be permanently reduced to but $10 per $1,000 of insurance annually for the remainder of life, thus relieving the burden of paying the larger premiums in those years when money may not come so easily as formerly. Attractive options of settlement at the end of twenty years were provided, which may perhaps be best illustrated by an example at age 35, under the current table. The premium for Whole Life at this age in the largest mutual companies is $28.11 per $1,000, with a small extra charge if disability benefits are desired. The Metropolitan premium is $27.75, and the disability benefits are included. The settlements guaranteed at the end of twenty years are (1) continuance

of the policy at an annual premium of $10; (2) cash (no further insurance) $455; (3) paid-up life policy, $803; (4) life annuity, $38.06, or (5) cash, $144 and continuance of the policy at an annual premium of $22.90. Like the Modified Endowment, this policy was excluded from New York State during the years 1907-1909 inclusive by the operation of the Standard Policy law.

1906—Grace Allowed.

An important advance was made in the policy contract at the beginning of the year 1906 in the incorporation of a clause providing grace of one month in the payment of premiums due after the first year, subject to an interest charge at the rate of five per cent. per annum, when such interest should amount to 25 cents or over. Such a clause had previously been included in only a few special contracts, such as the Optional Life or Endowment and the Gold Bond policies, although individual requests for grace had for some time been liberally treated, whatever the form of policy. An especially generous action was the making of this concession retroactive as to all policies previously issued. Later, this period of grace was changed to thirty-one days. At the beginning of 1911 all interest charges were waived.

1907—Standard Policies.

January 1, 1907, is a date that is indelibly impressed on the minds of all life insurance men. It was on that date most of the laws that had been passed by the New York State Legislature as a result of the Armstrong Investigation went into effect. The serious error had been committed—repealed three years later—of compelling domestic companies to use Standard Policy forms only; a most unwise enactment, when we consider that the attractiveness and usefulness of the modern policy contract have resulted largely from free competition among companies, each exercising its ingenuity to make its own form the most attractive. It is true that provision was made in the New York law for the standardization of new forms, but the practical difficulties in the way of such a course proved prohibitive. The Metropolitan had no recourse but to adopt the New York Standard Policies, and, as previously noted, was compelled to withdraw some of its plans from use in New York State, being limited to the very simplest forms. Premium rates for Twenty-five-Year Endowments, however, were reinstated, and rates were also given, for the first time (except in the

Intermediate Branch), for Ten-Payment Twenty-Year Endowments, this plan being adaptable to the forms prescribed by the new law; but the demand for these two forms proved to be small. The Standard Policies, so far as they went, were excellent contracts, and were adopted by the Company for its business generally throughout the country. The special plans prohibited in New York, but issued in the other States, were revised so that in their conditions and concessions they followed the Standard forms closely.

Some of the features of these Standard Policies were the absence of warranty clauses, a provision for definite statement by the insured as to whether or not his choice of a beneficiary should be revocable, a "change of beneficiary" clause, grace of thirty days, limitation of occupational and suicide restrictions to one year, an incontestability clause, provision for loans and for paid-up or extended insurance after three years (the last-named being automatic), a provision for reinstatement, and the incorporation of various modes of settlement by instalments, heretofore noted, when the benefit should become payable. Many of these features were not new to Metropolitan policies.

During 1907 the tendency toward insurance legislation did not diminish, and at the beginning of 1908 even these Standard forms did not comply with the laws of all States. It was necessary to prepare special policy forms for use in some of the States that had enacted new laws, so that the Company was compelled to adopt, besides the Standard Policies, a distinct form for use in Illinois, Tennessee, Michigan and Minnesota, and later Ohio, which States had passed laws requiring standard policy provisions as recommended by the Committee of Fifteen, another for New Jersey, and still another for Massachusetts. As a matter of fact the variations in these forms of policies were largely in matters of form and technicalities and not of great practical importance to the policy-holder. Forms used outside of New York State made specific provision for cash surrender values, while the Standard Policies did not, the loan value being as a matter of fact and practice available for the purpose.

1907—Lower Rates, Higher Values.

In 1907 there was a thorough revision of rates and of loan and non-forfeiture provisions. Rates were reduced on several plans, and remained unchanged on the others. The change in loan and surrender values was made necessary by virtue of the

new laws of New York State. Loan values, generally speaking, were rather substantially increased, although in some instances no change was made and in a few cases there were slight decreases. Paid-up values were increased in some instances and decreased in others, most of the decreases being due to the fact that the Metropolitan, along with other companies generally, broke away from the time-honoured custom of granting paid-up policies for proportionate parts of the amount insured under Limited Payment and Endowment policies. Under this custom the values had, in the case of some of the Limited Payment contracts at least, used up more than the full reserve. The new book also contained extended insurance values for all forms of policies.

1908—Old Policies Declared Paid-up.

At the beginning of 1908, sixteen years had passed since the Company had issued participating policies (except Intermediate and Special Class contracts) and the number remaining on its books, on all of which dividends had been regularly paid, was relatively small. It was thought desirable to eliminate this small group of policies, differing so radically from the general Ordinary business of the Company, and a rather remarkable offer was made in the proposition to grant *fully paid-up* non-participating insurance to the holders of such contracts.

1908-1909—Larger Surrender Values.

The tables of loan and surrender values were revised at the beginning of 1908, and once more at the beginning of 1909, the tendency in each instance being toward greater liberality. These increased values were computed so as to cover even the most stringent of the laws that had recently been enacted in various States, and with the idea that the Company's tables should be uniform throughout the entire territory of its operation—the United States and Canada. In some instances the values were in excess of any legal requirements whatever. Not content with merely introducing these values in the new tables, to apply to future policies, the Company issued a Circular Letter under date of January 6, 1909, announcing that the 1909 values would be retroactive as to all policies issued since January 1, 1907.

1909—Unprecedented Reduction of Premiums.

A desire was felt at the beginning of 1909 to reduce the Metropolitan's premium rates, but it was realized that to do so without cutting commissions would not be possible under

Section 97 of the New York Insurance Law. So the question was submitted to the Company's Superintendents in convention assembled, and by a large vote the proposition to reduce both rates and commissions was accepted. New rates were computed, effective from February 1st, applying to Whole Life, Limited Payment Life and Endowment policies, and it is believed that they were lower than those of any other company. These rates are in use to-day with the exception of the Whole Life table. Their attractiveness may be illustrated by the fact that *the rate for a participating Fifteen-Payment Life policy in the Metropolitan is appreciably lower than the Twenty-Payment Life rate for the same amount of participating insurance in some of the largest of the other mutual companies.*

That the Superintendents made no mistake in voting as they did is shown by the fact that Agents' average earnings from Ordinary business have increased substantially. When, later, in 1913, the Company found it could afford to do so, it increased the commissions.

1909—The Low-priced $5,000 Whole Life Policy.

May 1, 1909, was memorable because of the introduction of a policy that has undoubtedly created a greater stir in the insurance world than any other policy of recent years—the *$5,000 Whole Life policy.* It was believed that men in a community who would take $5,000 or more of insurance and pay the premium *annually* formed a class that would exhibit what is termed "super-standard" mortality—that is to say, a death rate much lower than that of the general average of Ordinary risks; and that this fact, aided by savings in medical fees due to the high average amount of the policies, and reinforced by limitation of commissions to a very moderate sum, would enable the Company to safely issue such a policy at a rate much lower than even the low rates of existing tables. Rates, for minimum insurance of $5,000, at annual premiums only, were computed on the basis of a loading of but one per cent., and loan and surrender values, beginning after three years, were based on the full reserve from the start. The rates were, so far as known, lower than had ever been offered by any life insurance company.

The policy created an immediate sensation among the other companies and even at many of the State Insurance Departments. In Canada the companies succeeded in having special

legislation passed, aimed at this policy. In spite of opposition, however, the policy has ever since its inception been greatly in demand and enjoyed a large sale, the Company's experience has been favourable, and the public has been the gainer by virtue of the money saved in rates. At the end of 1916 the Company had on its books over one hundred and eighty-four million six hundred thousand dollars of insurance on this plan.

The rates would probably have remained unchanged to the present time but for the Company's mutualization in 1915. The successful efforts of the Company to obtain an amendment to the New York Insurance Law which would permit the continuance of its low premium rates are described elsewhere; unfortunately, however, the amendment was not broad enough to permit the continuance of the $5,000 Whole Life policy with a one per cent. loading, and it became necessary on July 1, 1916, to increase the rates by a little over six cents on each dollar of premium. In all other respects the policy remains unchanged, and to-day forms a most attractive low-priced contract. While the premiums have been slightly increased, the policy has now gained the important advantage of participation in the Company's earnings. As matter of fact, dividends amounting to from six to eight per cent. of the premium have actually been declared upon all issues prior to 1913. These dividends have brought the net cost to the insured *below the net premium*—a result almost unprecedented in the history of insurance upon policies with so short a duration.

With the introduction of the $5,000 Whole Life policy in 1909, it was necessary to discontinue the old Whole Life rates, and an Endowment at Age 85 contract was substituted, with rates but little higher than those previously charged for Whole Life insurance.

1909—Special Policies for College Professors.

In 1909 a Special policy was offered to college professors, consisting of low-rate term insurance up to age 65, the age when the retiring allowance contemplated under the Carnegie Foundation was scheduled to begin.

1910—Standard Forms Abolished—Standard Provisions Substituted.

In 1909 New York State wisely substituted the requirement of standard provisions for that of standard forms, so at the beginning of 1910 uniformity of policy forms in all States was

possible. The form adopted for 1910 followed rather closely that which had been used in the States where standard provisions had been passed. In addition, however, reservation was made by the Company of the right to defer payment of cash and loan values for a period of ninety days after application therefor, this being merely a safeguard which the Company does not contemplate resorting to unless it become imperative in time of financial panic.

The 1911 form contained a rather important change making the paid-up concession, instead of extended insurance, automatic in case the insured should not make a choice as to his surrender option within three months from the due date of any premium in default. Other changes were the abolition of grace interest, and a change in the application of the extended insurance option in event of indebtedness of the insured at the time of lapse. Formerly in such case the indebtedness operated to shorten the term of the extension, but under the new arrangement the term remains unaltered, and the amount of insurance is reduced in proportion to the indebtedness.

1910—Joint Life Policies.

In May, 1910, a table was sent to the field force that would enable them to quote rates and submit applications for Joint policies on two lives on the Whole Life, Twenty-Payment Life and Twenty-Year Endowment plans, $2,000 being fixed as the minimum amount of insurance. Previously the Company had simply quoted Joint rates when specially requested. It has never looked with great favour on such policies, believing that the objects for which Joint policies are usually requested, including partnership insurance, can almost invariably be better met by separate policies on individual lives.

1911—Term Policies.

The Metropolitan has never joined in the mad race to build up a record of new business by the indiscriminate writing of term insurance. The rule from the start has been that policies shall be written only upon annual premiums, with minimum insurance of $2,500. Formerly the writing of these policies was not encouraged by the Company because the experience of other companies was that the selection of risks was generally against the Company. Recognizing the fact, however, that carefully selected risks should have the benefit of low rates,

substantial reductions from former tables were made at the beginning of 1911. These term policies are renewable without medical examination at the end of each period of ten years, at an increased premium plainly stated in the policy. In order to obviate the hardship that would come if the constantly increasing term rates were adhered to in the years of old age, the renewal rate above 65 is now on the basis, not of term insurance, but of an endowment at age 85, so that no further increases in premiums are necessary, the policy, moreover, maturing as an endowment at the age named.

1911—Concession on Old Policies as to Surrender Values.

The provisions in policies issued subsequent to January 1, 1907, under the new laws, seemed to indicate that loan and surrender values should not be based merely upon the number of *full* years' premiums paid, but that interpolated values should be granted, giving credit for *fractional* parts of a year. In policies issued prior to 1907, the allowances had always been made on the basis of full years only, but in January, 1911, a concession was granted to these old policies in the passage of the resolution that "all Ordinary, Intermediate and Special Class policies issued prior to January 1, 1907, which provide for surrender values only after three or more full years premiums have been paid, shall hereafter have the values adjusted on account of the fractional part of any current annual premium actually paid before default."

1911—The Convertible Policy.

In July, 1911, a new form of policy was offered—the Convertible Limited Payment Life. The Industrial Convertible policy had proven so popular that as soon as a feasible method was found, it was determined to apply the same principle to Ordinary policies. The Ordinary Convertible policy is a Limited Payment Life contract, with premiums payable from 9 to 16 years, according to age at entry, but with the added proviso that if the insured choose to continue paying premiums for one or more years beyond the period named, the policy will be converted into an Endowment, each additional premium reducing the age at which the endowment will mature. This contract gives the insured complete protection throughout the original premium-paying period and then allows him to select either life or endowment insurance, according to his circumstances.

1911-1912—Monthly Income Policies.

One of the most useful applications of the instalment feature is to be found in the new *monthly instalment* policies announced October 5, 1911. These provide that the beneficiary shall receive monthly instalments for a designated number of years selected by the insured, beginning at the death of the insured. The number of years that could be selected under the original offer ran from five to thirty. The beneficiary is allowed in no case to commute or assign these payments except by specific permission given by the insured prior to his death. Should the beneficiary die before the payments are completed, those remaining shall be commuted and paid in one sum to her estate. Another valuable feature is the fact that by payment of a moderate extra premium an additional sum for any amount desired may be arranged for, to be paid at once at the insured's death to provide the beneficiary with the immediate funds frequently so much needed in time of bereavement. This new monthly instalment policy was first offered on the Whole Life, Limited Payment Life and Endowment at Age 85 plans.

In October, 1912, the policies were made more attractive in various ways. Premium rates were lowered slightly by reason of a revised calculation of the commuted values; the minimum number of years over which instalments might be spread was reduced from five to two; and the plan was made applicable to Ten-, Fifteen- and Twenty-Year Endowments in addition to the forms of insurance covered by the 1911 announcement.

1912—Free Policies upon Total Disability.

The Company at the beginning of 1912 demonstrated once again that it is ever on the alert to take up any new opportunity to add to the usefulness of its operations. Under date of January 2d, rates were published enabling an insurant not over 50 years of age under practically every standard Ordinary plan (excluding Intermediate and Special Class) to secure, by the payment of an extra premium, varying according to age and plan, from $.06 to $1.53 per $1,000 of insurance, the right to waiver of all further premiums due on his policy upon proof of total and permanent disability prior to age 60. The benefit as then offered took the form of a Supplemental Agreement, to be attached to the policy. The incorporation of this Disability clause was made entirely optional with the insured, who

might at any time discontinue the extra premium, the clause thereupon becoming inoperative. Waiver of premiums under this clause in no way diminishes or affects any of the benefits under the policy, and the Surrender Options are maintained exactly as if all premiums were promptly paid.

The Disability privilege was also extended to old policy-holders below the age of 50 upon payment of the extra premium corresponding to the age at entry, medical inspection being required if the policy were over a year old.

This new Disability feature was more or less experimental, but it proved so popular that in 1914 the principle was permanently incorporated in the great majority of the Company's Ordinary contracts in the rather startling manner described later on.

1912—Increased Values.

About the middle of 1912 the Company adopted slightly increased loan and surrender values for Ordinary Ten-, Fifteen- and Twenty-Year Endowments. These increased values were made retroactive to the beginning of 1912.

1912—Deposit of Policies not Required for Loans.

Up to this time the Company had required the actual deposit of the policy at the Home Office as a condition for all policy loans. It was realized, however, that this practice often resulted in a certain amount of inconvenience to the policy-holder, and in the latter part of 1912 the Company's Loan Agreement was modified in such a way that since then the deposit of the policy has not been required. In place of this, it is necessary only that the policy be sent to the Home Office for endorsement, after which it is returned to the policy-holder.

The only exception is in the case of certain Canadian policies, which under a ruling of the Dominion Insurance Department, must be deposited at the Home Office.

1913—Loan Insurance.

While the privilege of loans on the security of life insurance policies has its proper functions, yet it has not been without its unfortunate results, and has often been abused by policy-holders. The primary purpose of life insurance is the protection of the beneficiary, and every dollar of loan that is advanced against the policy reduces that protection, and thus tends to defeat the very object of the insurance. Realizing this, the Company endeavours to discourage excessive loans, and a cir-

cular is sent out with every loan cheque advising the policy-holder to keep his policy as free as possible from indebtedness.

It is true, nevertheless, that large loans are sometimes absolutely necessary, or at least highly advisable, under the circumstances in which the policy-holder finds himself placed, and in 1913 the Company adopted a plan designed to remedy the principal disadvantage of such loans—loss of protection. Rates were published for what was termed "Loan Insurance," consisting of term insurance for the amount of the loan, running to the next policy anniversary and renewable thereafter for periods of one year without medical examination, provided the original policy should still remain in force and the amount of loan unchanged. The minimum amount of Loan Insurance was fixed at $500.

1914—Disability Benefits Made Free.

The experiment of waiver of premiums in event of total and permanent disability, first announced in 1912, proved so popular that at the beginning of 1914 a remarkable extension of the benefit was announced. This consisted of incorporating the disability benefit as an integral part of the policy contract *without payment of the extra premiums* theretofore required, in the case of all Ordinary *and Intermediate* policies (exclusive of Special Class and Group Insurance) thereafter to be issued on the lives of men and self-supporting women rated as 55 years of age or under—with the exception of Term and Joint Life policies and those issued under the $5,000 Whole Life table. In the case of the Whole Life policies, the low loading did not permit the incorporation of this free benefit, and the privilege remained as it was prior to 1914—that is, the benefit might be obtained as a supplementary contract upon payment of the necessary extra premium.

Furthermore the benefits were extended *free of charge* to all regular Ordinary policies (within the limits and with the exceptions noted above) in force January 2, 1914, no matter when the policy was issued, provided the insured was rated not over 55 years of age when the policy was issued and provided disability should occur or have occurred prior to age 60. The benefits were not made retroactive as to Intermediate policies.

In two or three States the Company's general plan as outlined above required slight modifications in order to comply technically with the laws peculiar to those States.

The concession, of course, covered many lives already disabled, and they were given the full benefit of its operation immediately upon receipt of satisfactory proof of their total and permanent disability.

Disability of an insured life, with its attendant loss of employment, may result in the inability to pay the necessary premium just when insurance is most needed. The Disability clause, guaranteeing the insured against loss under such circumstances, seems so logical a part of a life insurance contract that little doubt can be entertained that it has come to stay.

1914—Options of Settlement Liberalized.

New policy forms introduced early in 1914 gave slight increases in the amount of semi-annual, quarterly or monthly payments under the option in the policy which provides that the proceeds shall be payable in instalments over a specified period of years. The amount of the minimum instalment that would be given was at the same time reduced from $25 to $10.

1914—Option of Medical Examinations Without Cost.

Recent years have brought about more and more a realization of the value of periodic medical examinations, even to persons apparently in good health. Countless deaths occur every year from diseases which might have been successfully treated if discovered in their incipiency, but in the majority of cases such discovery is possible only through examination by a qualified physician.

Recognition of this fact and a desire to reduce preventable deaths and illness led to the formation in New York City, at the beginning of 1914, of the Life Extension Institute, a "self-supporting philanthropy" organized by public-spirited men of the highest national reputation. The object of the Institute is to serve life insurance companies, business and other organizations, and individuals by providing facilities for periodic medical examinations and for the distribution of health literature.

It was not strange that the Metropolitan was the first large life insurance Company to subscribe to the service of the Institute. Under date of January 20, 1914, it was announced that Ordinary policy-holders carrying not less than $2,000 of insurance would have the privilege of periodic medical examination without cost to themselves, all charges of the Institute for the service being borne by the Company. Policy-holders in-

sured for $2,000, but less than $3,000, are eligible for examination three years after issue of policy and every third year thereafter; those insured for $3,000, two years after issue and every second year thereafter; those insured for more than $3,000, one year after issue and annually thereafter. A thorough examination is made of practically all organs—heart, lungs, kidneys, nervous system, eyes, ears, teeth, nose, throat, etc.—together with blood pressure tests and urinalysis, and a careful inquiry is made regarding such matters as diet, exercise and general living habits.

Each year since the service was first offered, thousands of Ordinary policy-holders have taken advantage of it, and a number have already taken three annual examinations. The Company has many testimonials of the value of the service. The report of the Institute covering Metropolitan policy-holders during 1915 shows the value of these examinations. About 98½ per cent. of all of those examined were found to need advice of some sort, and over 70 per cent. were advised to seek medical treatment, even though in the majority of cases the impairment was not at the time serious. According to figures of the Institute, only a small number of this 70 per cent. were aware of their impairments.

The value of this privilege to policy-holders is so manifest that it is hoped, as time goes on, an increasing proportion of those eligible under the offer will take advantage of it; and the Metropolitan hopes in 1917 to extend the offer in some form to the policy-holders insured for less than $2,000.

1914-1916—Liberal Attitude Toward Military Service.

The war hazard constitutes one of the most difficult problems that an insurance company has to solve. On the one hand it realizes the special need of insurance in time of war and appreciates the patriotic motives that lead men to enlist, and there is a natural desire to make conditions as liberal as possible. On the other hand the safety of the company's great body of policy-holders must not be imperiled. Especial care is needed in dealing with policies for the larger amounts.

The Metropolitan's general policy when troublous times have arisen has been to waive enforcement of any restrictions that might exist on policies already in force, but to exercise whatever reasonable care might be needed in the acceptance

of new applicants, in order to prevent undue loss through what is actuarially known as "selection" against the Company.

When war with Mexico was threatened early in 1914, it was announced in April that restrictive conditions in existing policies relating to military or naval service would not be enforced against policy-holders who might enlist. As to new applicants belonging to the Militia, National Guard or Naval Reserve, or about to enlist therein, the field force were given permission to insure those whom they might meet *in their regular canvass*, for the benefit of *bona fide* dependents, under the Company's regular rates, *without extra premium*, on Intermediate policies up to $1,000 on any plan, or Ordinary policies up to $2,000 on the Twenty-Payment Life or any other plan carrying a higher premium; the first annual premium to be paid on a binding receipt. In September, with the improvement of conditions, the limitations announced in April were removed.

Following the outbreak of the European war, the Company announced in August, 1914, that applicants enlisting for service abroad might be insured at regular rates under the same limitations as those that had been fixed for militiamen of this country a few months before. In Canada (the only country at war in which the Metropolitan was transacting business), the Company even went so far as to insure several contingents of soldiers, organized under the direction of various municipalities for early service abroad, at a comparatively low extra premium. As the war has increased in severity, however, beyond all expectation, the Company has felt obliged to withdraw the privilege of new insurance from those enlisting or contemplating enlistment for overseas service. Canadians not enlisting for overseas service are accepted on new policies containing a "war clause," providing full benefits on condition of payment of an extra premium in the event of subsequent enlistment for active service. The number of war claims, Ordinary and Industrial, paid by the Company up to the end of 1916 has been about 2,400, and the amount nearly $1,300,000.

In June, 1916, with the renewal of Mexican troubles, it was again announced that any present policy-holder might engage in military or naval service of the United States without payment of an extra premium, and without prejudice to his insurance, and that members of military or naval organizations, or those about to enlist, and met by Agents in their regular canvass, might be insured for not more than $2,000 on the

Endowment at Age 85 or any other plan calling for a higher premium, for the benefit of a *bona fide* dependent, upon the payment, in advance, of the regular annual premium and an extra annual premium of $25 for each $1,000 of insurance. It was also announced that policies subsequently issued on all male risks of military age would contain a "war clause" calling for the extra premium in event of enlistment.

At the end of 1916 limitations as to service on behalf of the United States were discontinued, and the restrictions of existing war clauses applicable to such service were rescinded.

1915—Continuous Monthly Income Policy.

Probably no mode of settlement under a life insurance policy more completely fulfils the true purposes of insurance than what is known as the "continuous instalment" plan. This guarantees regular payments to beneficiary or estate for a term certain—usually twenty years—and then if the beneficiary is still living, continues the payments until her death. Professor HUEBNER says in his recent book on *Life Insurance* that careful consideration of the plan "will convince one of its advantages as compared with other forms of settlement and with other methods of investment as regards reliability, economy and convenience."

Most of the Metropolitan's Ordinary policies contain this feature as an option of settlement, but the amount of the instalments varies with the age of the payee at the death of the insured. In order to overcome the disadvantage of this uncertainty, the Company early in 1914 announced a special "Continuous Monthly Income" policy on the Twenty-Payment Life plan. The benefit under this policy is $10 monthly (or multiples thereof) for twenty years certain and so long thereafter as the designated beneficiary shall live. The protection that this contract gives appears to be about as nearly ideal as a life insurance company can offer.

1915—Mutualization as Affecting the Ordinary Department.

The mutualization of the Company in January, 1915, has already been described in the Schedule of the Industrial Department.

It immediately raised serious problems in the Ordinary Department. The common practice of fixing premiums far above what ordinary prudence would seem to require, with the idea

that an impressive showing might subsequently be made in the way of dividends, had been looked upon by the Company with disfavor. It was especially opposed to the deferred dividend system so strongly condemned in the Armstrong report many years after the Metropolitan had announced its "creed." The natural desire of the Company was to let its premium rates remain as they were before mutualization. Experience had shown that they were ample—and if they had been safe for non-participating policies, why not for participating?

Nevertheless the Company was confronted by a serious obstacle to its laudable desire in the provisions of Section 97 of the New York Insurance Law, relating to the limitation of expenses. This Section had been framed in 1907 with the view of preventing the extravagance revealed in certain of the mutual companies by the Armstrong investigation, and one provision of the Section limited the total expenses of a company (with certain enumerated exceptions) to its loadings and the assumed mortality gains or margins defined in the statute; such gains being however far less than the gains actually experienced by the Metropolitan. It was recognized by the Armstrong Committee and the Legislature that in the case of companies issuing only non-participating policies at low rates of premium, like the Metropolitan, the loadings were so small that the companies could not keep their expenses within these limits, even with the most rigid economy, and that it was safe to allow these companies to use their actual mortality gains; therefore stock companies transacting only a non-participating business were exempted from this provision of the Section. It is safe to say that it never occurred to those who framed the law that some day there might be a *mutual* company whose loadings would be so low that it could not live under the Section.

With mutualization, then, the Company, no longer exempt, was confronted with the alternative of raising its premium rates so as to provide sufficient loadings, or of securing an amendment to the law. To raise its rates without protest would have been to surrender its principles. The Company therefore determined for the time being, at least, to leave its rates unchanged and to seek relief through the medium of the Insurance Department and the Legislature. The Department recognized the justice of the Company's position, and an amendment to Section 97 was introduced as a Department measure which would afford the desired relief for the Metropolitan and

offer similar privileges to the Prudential, which had also taken steps looking toward mutualization.

Other companies, however, fearing Metropolitan competition, set up determined opposition to the proposed amendment, and a memorable legislative battle ensued, which was not finally settled until 1916. The 1915 Legislature passed a compromise bill affording temporary relief and giving an opportunity for further investigation of the subject. The 1916 Legislature finally passed an amendment which made possible the continuance of the old low rates for which the Metropolitan had fought so hard, except that the amendment was not sufficiently broad to permit retention of the old rates on the $5,000 Whole Life, Monthly Income Life, Single Premium Life and Single Premium Endowment policies. On these forms a moderate increase became necessary from July 1, 1916. On all other forms the premiums remained as they were before mutualization. Thus the Metropolitan won a notable victory for the principle of low-priced insurance.

With the mutualization of the Company, a clause providing for distribution of surplus was of course added to all new policies—Ordinary, Intermediate and Special Class—and participation was extended to existing policies as well, a similar clause being endorsed on these old policies whenever desired by the policy-holder. Such endorsement, however, is not in any way necessary to secure the right to full participation.

It is not to be expected that the dividends under mutualization would be large, as compared with those of other companies under similar policies. Because of the low premium rates of the Metropolitan, it would naturally follow that dividends would be comparatively small. *The essential thing to the policy-holder is not the size of the dividend, but the net cost of his policy.* The policy-holder who pays a premium of $20 and receives a dividend of $2 is better off than one whose premium is $25 with a dividend of $5. In one case the net cost is $18, and in the other, $20. Just as soon as mutualization was announced, the Company's Agency force were given the strictest warnings against leading any policy-holder, present or prospective, to expect large dividends; and those warnings have been constantly repeated and emphasized; and experience has proved that they have been loyally obeyed.

1916—First Dividend under Mutualization—$3,660,000.

The many forms of policies and classes of insurants in the Ordinary Department made the apportionment of dividends a most difficult and complicated problem. Many solid months in 1915 were given over to the study of this problem—how to apportion the divisible surplus equitably among Ordinary, Intermediate and Special Class policies, respectively, and among the various plans of insurance, years of issue and ages at entry. Finally, at the end of the year, the complete scale of 1916 dividends was announced, and the results were most gratifying.

The Company did not feel justified in using the surplus accumulated under old policies for the purpose of paying dividends on later issues where none had yet been earned, and for this reason the first year's issue to share in the distribution was 1911.

While the dividends as to the individual policies were not impressively large, the *net costs* compared favourably with those of any company in the country, and once more demonstrated the Metropolitan's title to leadership. *In fact on almost all of the regular Ordinary plans of insurance the net cost after the fifth year has been less than the net premiums.* This is again almost, if not quite, unprecedented in the history of life insurance.

Policy-holders were given, in accordance with the conditions in the Company's "participation" clause, the choice of receiving their dividends in cash, of having them applied toward payment of premium or to purchase a participating paid-up addition to the sum insured, or of leaving them with the Company to accumulate at interest. In event of no election within three months, the clause provides that the dividend shall be applied to purchase additional insurance, which may be surrendered at any time for its cash value. Paid-up or continued term insurance issued or granted in event of surrender or lapse did not share in the dividend distribution.

The Company also paid a *post mortem* dividend in connection with all death claims, where death occurred in 1916 under policies with at least five years' premiums paid, consisting of the regular dividend that would have been due at the next anniversary according to the Company's scale, thus covering the policy year that had been entered upon, but not completed. For example, if a policy-holder had completed his sixth year in March, 1916, and died in May, the seventh year dividend

would have been paid in addition to the sixth year dividend already paid in March. The practice of paying *post mortem* dividends was not entirely new, as they had been paid on Intermediate and Special Class policies prior to mutualization.

In addition to the dividends above mentioned, the Company paid mortuary and maturity dividends on policies on which not less than five full years' premiums had been paid and which matured in 1916 as death claims or endowments, equal to five per cent. of the terminal reserve on the policies. In the case of maturing endowments, the dividend of course amounted to five per cent. of the full endowment amount. It was felt that when a policy goes off the books as a death claim or endowment, the surplus held for its benefit should also be released. We know of but one other company which pays this dividend; but its justice is so evident that it is to be hoped our example will be followed by the companies generally.

Thus, it will be seen that in some instances three separate and distinct dividends were paid on the same policy during 1916, namely, (1) the regular dividend, (2) the *post mortem* dividend, consisting of the regular dividend for policies one year longer in force, and (3) the mortuary dividend of five per cent.

The total amount of Ordinary, Intermediate and Special Class dividends distributed in 1916, as above described, amounted to $3,662,358.19.

1916—Survivorship Annuities.

An attractive new contract—a Survivorship Annuity—was announced in a Circular Letter dated November 14, 1916. It involves two persons, designated the nominator and the annuitant, and is designed primarily for husband and wife. The nominator is the purchaser of the contract, the consideration being paid annually, semi-annually or quarterly, during joint survival. Upon the death of the nominator, the annuitant becomes entitled to a life annuity—first payment immediately upon due proof of the death. The minimum amount of the annuity is $100 per year, which may be made payable in semi-annual, quarterly or monthly instalments, if desired.

Should the annuitant die before the nominator, the contract ceases and the amount paid by the nominator, based on the tabular annual rates, is returned to him. Like other annuities, the contract is non-participating, and the rates are low.

1917—Second Dividend under Mutualization—$4,000,000.

Dividends on Ordinary, Intermediate and Special Class policies announced for the year 1917 were similar to those for 1916 and generally followed the 1916 scale. The amount apportioned for this distribution was over $3,932,000.

Efforts to Reduce Lapses.

The Company has been untiring, in the Ordinary as well as the Industrial Department, in its efforts to reduce lapses, with their attendant loss to the policy-holder. Many pages might be written covering its endeavours to prevent lapses and encourage revivals. Letters, over the President's signature, are sent to lapsing policy-holders, Superintendents are constantly urged to give their personal attention to *keeping* policies in force, as well as *writing* new ones, offers of extra compensation based on *persistence* of business are made, the availability of the loan privilege is pointed out to policy-holders as a means of continuing their insurance, changes to lower-priced plans of insurance are sometimes suggested, and nothing is left undone to enable those who are careless or temporarily out of funds to keep up their insurance. When all efforts have been exhausted, however, and permanent lapse seems inevitable, the Company makes special effort to see that the rights of retiring policy-holders are not overlooked, and that prompt settlement is made of any equity remaining in the policies under their non-forfeiture provisions.

A Summing Up.

It will be seen from the foregoing Schedule of the Ordinary Department that the Company has been progressive. It has been its object to keep not merely abreast, but a little in advance of the times. Its endeavour has been to offer to the insuring public, at as low a cost as is consistent with safety, a plain, honest, business-like contract, free from anything that might tend to mislead; and one that will best fulfil the worthy purposes of life insurance. Some of the changes that have been made were the result of legislation; some came from the determination that no other company should offer a better contract than the Metropolitan; some were conceived wholly within the councils of this Company. As in all great enterprises, some experiments have been tried, met with but little response, and been abandoned; some have seemed to answer

only a temporary need. On the whole, however, the history of the Company's contracts has been eminently one of progress. Rates have been lowered and concessions and conditions repeatedly made more liberal. Earnest endeavour is made to expedite the issuance and delivery of policies, and to secure prompt payment of claims. It has been made a rule that claim cheques are to be sent out the same day that satisfactory proofs of death are received.

The result of the Company's efforts to serve the public through its Ordinary Department are best seen in that Department's marvelous growth. At the end of 1891, the amount of outstanding insurance was less than 4 millions of dollars. This had increased at the end of 1896 to 33 millions; at the end of 1901 to 195 millions; at the end of 1906 to 428 millions; at the end of 1911 to 803 millions; and on December 31, 1916, it was one billion four hundred and fifty millions ($1,450,061,328) "placed and paid-for." These figures include about four hundred millions of insurance in the Intermediate Branch, thirty-nine millions of Special Class business, and thirteen millions of Group insurance also a few millions assumed from other companies, these policy-holders having been treated with the same consideration as those who hold our own contracts.

For several years, without a break, the Company has written the full limit of Ordinary business permitted by Section 96 of the New York Insurance Law, and has been compelled toward the end of the year to send notice to the field force absolutely forbidding the placing of any more new insurance during the year—and this in spite of the fact that the amount which can be written increases substantially each year through the automatic provisions of the limiting statute and also through the permission given by the Superintendent of Insurance to enlarge the limit by ten per cent. In 1915, the Company was compelled to send this notice in November; in 1916, on the 28th of October. The business has not been built up by extravagant or questionable methods. The Ordinary expense rate is constantly decreasing. Rebating is forbidden. Twisting is forbidden. Accepting applications from brokers and outside agents is forbidden. Every contract must be sold on its own merits, and not only are Agents warned against misrepresentation, but especial care is taken in the wording of contracts that they shall contain nothing that shall even offer an opportunity for deception.

2. Intermediate Branch.

1896—Organization.

The Intermediate Branch of the Ordinary Department was organized in the middle of 1896 for the purpose of providing insurance, in a legal reserve company, as cheaply as possible for the better class of workingmen and other persons of moderate means, above the grade of the average Industrial risk, who should desire protection, and yet be unable to pay for Ordinary insurance of $1,000 or over. To meet the needs of such persons the Company determined to issue policies for $500, or multiples thereof if desired, with premiums payable annually, semi-annually or quarterly. Policies were issued on the Life table down to age 12 and on Endowments down to age 10. As there were no mortality tables in existence that seemed to be applicable to this experiment, the Metropolitan's Industrial table, based on experience during the five years 1890-1894, was adopted. As the expenses peculiar to weekly-premium business were eliminated, the percentage of loading was made about the same as had been used for Ordinary policies. We had no experience to guide us as to the mortality of workingmen who could afford to pay premiums at long intervals instead of weekly, as we had in the Industrial Department, where we had tabulations of mortality; but it was felt that the Industrial mortality table would more than cover the actual death claims to be experienced, and in order to return gains from mortality or other sources to the policy-holders, provision was made that any surplus earned would be paid back in the form of dividends. On this plan tables of rates, the same for males and females, were published, to become effective July 1, 1896, covering Whole Life, Ten- and Twenty-Payment Life and Ten-, Fifteen- and Twenty-Year Endowment policies. The general scheme adopted worked out so well that it was maintained with but few changes until the beginning of 1907. The only changes in tables during this long period were the addition of Fifteen-Payment Life and Ten-Payment Twenty-Year Endowment policies in March, 1901 (the latter being withdrawn at the end of 1906), and a slight increase in rates and revision of loan and paid-up values, except on these two new policies, at the beginning of 1902, similar to that mentioned in connection with Ordinary policies, to conform to the new valuation laws that took effect in 1901.

Dividends.

Our expectation was realized and our mortality in the Intermediate Branch proved much more favourable than our Industrial policy experience. Dividends were made payable at the end of the fifth year and annually thereafter, and the insured was given the choice of accepting his dividend in cash, using it to reduce his premium, or applying it to purchase a addition to his policy. Some years later the Company adopted the practice of paying *post mortem* dividends, previously described, on Intermediate policies becoming death claims. These *post mortem* dividends were paid in the Intermediate Branch for some years before they were made applicable to Special Class and regular Ordinary policies.

The dividends paid on the Intermediate participating policies have been surprisingly large. After a time the interesting fact developed that in many instances the holders of Intermediate policies were getting their insurance cheaper than the holders of corresponding Ordinary policies in the Metropolitan or of participating contracts in the mutual companies. From the start it was a fixed principle that the Company did not wish to make money out of Intermediate policies, and that the policy-holder should have his insurance at actual cost. The dividends paid on these old participating Intermediate policies during the years 1901-1916 amounted to about $15,000,000.

1907—New Non-Participating Tables.

The new Armstrong laws which took effect at the beginning of 1907 prohibited New York State companies from issuing at the same time both participating and non-participating policies. As the Metropolitan was a stock Company engaged primarily in the business of writing non-participating contracts, it became necessary to discontinue the dividend feature in Intermediate policies subsequently issued, and to compute new non-participating rates. Intermediate mortality had proven itself far better than that indicated by the Industrial table, as we have before stated, and now that no promise could be made of a refund of overpayments by means of dividends, continuation of rates on that basis would have worked an injustice to policy-holders. The only just course open to the Company was to work up a mortality table of its own on the basis of Intermediate risks already insured, and base the new non-participating rates on that.

There was still, however, one uncertain factor. A high mortality rate does not increase the premiums on Endowment policies nearly so much as it does on Life policies, and the result had been that in the case of the Intermediate Endowments the low loadings had operated to offset the high mortality rates, and premiums had actually been considerably lower than the participating rates of most of the mutual companies. This fact, together with the liberal dividends, had brought into the Intermediate Branch a large number of persons who were attracted especially by the investment features of the Endowment contracts, and it was not known whether so large a proportion could be counted on for the new non-participating policies. To be on the side of safety, therefore, ten per cent. was added to the death rate, and the mortality table thus adopted was soon made the legal standard for all such policies by the New York Insurance Department.

1907—Increased Surrender Values.

The 1907 non-participating rates computed on the basis thus chosen, with loadings little changed, were, on the Life and Limited Payment contracts, far cheaper than those that had preceded them; on Endowments the reductions were not so great, but were substantial. As in the case of Ordinary policies, new loan values and surrender options were adopted at this time and revised at the beginning of 1908 and 1909. The remarks made in connection with the Ordinary revisions apply also to the Intermediate. The increases over the values prior to 1907 were as a rule the greater in the Intermediate policies. It may be observed in this connection that the curve of the Intermediate mortality table is such that reserves are in many instances higher than in the case of Ordinary contracts, and the cash values consequently larger. As with the Ordinary policies, the Intermediate values for 1909 were made retroactive as to policies issued since January 1, 1907.

1909—Combination of Insurance and Annuity.

Under date of January 28, 1909, a new contract was designed to give working men and women an opportunity of providing for old age. It was a policy bearing a low rate of loading, combining $500 of insurance for the whole of life with a life annuity of $100 yearly, to begin at age 65, premiums to cease at that age. It was similar in principle to the Industrial Life and Annuity policy

issued a short time before. The experiment has proven rather successful, as the Company has now nearly four thousand of these Intermediate policies on its books. By reason of the peculiar nature of the contract, the problem of loan and surrender values was a knotty one, and the general scheme of these values has twice been revised. As the contract now stands, the insured, after three years, is entitled to a liberal cash or loan value, or may choose between extended insurance for the full amount of the policy and reduced paid-up life insurance, coupled in either case with a paid-up life annuity for a reduced amount, to begin at age 65. The cash values are now in many instances greatly in excess of $500, and in consequence it has been stipulated on the face of the contract that the death benefit will be "five hundred dollars, or the amount allowed as loan or cash value as hereinafter provided, whichever shall be greater." When this added feature is taken into consideration, an analysis of the contract shows the premium to be remarkably low for the benefits provided.

At the same time that this contract was announced, another policy, somewhat similar, called the "Term and Annuity," was presented. Practical difficulties, however, arose, and the policy was soon withdrawn in favour of the better contract above described.

1912—Reduction of Premium Rates.

By the end of 1911, the Company had five years' experience on its non-participating $500 policies, and this experience seemed to indicate that premiums might properly be reduced. It was the Company's earnest desire that the working people represented in the Intermediate Branch should be given insurance as closely to actual cost as possible. As the Company could not at that time provide in its new policies for distribution of surplus which might accumulate, it appeared that the most feasible way to provide insurance at the minimum cost would be to reduce the premiums; and this was done at the beginning of 1912. The Metropolitan being a stock Company with an ample surplus, it was felt that these particular policies might be issued with a very small margin for safety. The revised premiums therefore averaged from five to ten per cent. lower than those of 1907, except on the Life and Annuity policies, where the loading was already very low and the changes in premium were slight.

1915-1916—Effects of Mutualization.

With the mutualization of the Company in 1915, participation was extended to the non-participating policies issued in the Intermediate Branch after January 1, 1907, in exactly the same manner as it had been extended to the regular Ordinary policies. Those issued prior to 1907, of course, remained participating according to their original terms. The first dividend declared under mutualization, at the end of 1915, included all Intermediate policies issued during the years 1896-1911, and resulted in the distribution of $1,529,004.19 during the year 1916 to the holders of these policies. The declaration for the year 1917 did not include policies issued in 1912, attaining their fifth anniversaries, as these policies had been issued under low premium rates and their earnings did not yet appear to justify a dividend. Mortuary and *post mortem* dividends are paid on Intermediate as on the regular Ordinary policies.

In the matter of premium rates two factors presented themselves. First, a careful study of the Company's experience under its non-participating Intermediate policies indicated that those issued under the low 1912 rates were running under a rather closer margin than seemed advisable now that the Metropolitan had become a mutual company; and, second, the policies now being participating, it was no longer necessary to issue policies with so small a margin of safety in order that policy-holders might receive insurance at cost, for the participation clause would now provide for the return in the form of dividends of any excess of premiums over the amount actually needed.

Consideration of these factors indicated that premiums should be increased somewhat, and a new schedule of rates was adopted January 1, 1916. The new premiums did not differ greatly from those of 1907. The rates as between the different ages were made more equitable than under the 1907 tables, hence in some instances they were a little higher and in others a little lower. The 1912 rates for the Life and Annuity policies were not changed, as the experience of these policies seemed to indicate that no increase would be necessary.

1916—Child's Endowment Policies.

A novel and attractive Intermediate policy was announced at the beginning of 1916, designated the $500 Child's Endowment. This policy was designed to meet the need for some

provision whereby parents might secure for their children a substantial sum of money to become available at about age 21, even though it should happen that the parent paying the premiums should die before completing the premium payments.

The policy is issued at age 2 to 15 next birthday, and matures as an Endowment for $500 if the child be living on the anniversary of the policy immediately preceding age 21. In event of the death of the child before the date of maturity, the Company will pay a death benefit according to a graduated scale reaching the full $500 at about age 15. In event of the death of the person paying the premiums, who is specifically named in the policy as the beneficiary, it is agreed that no further premiums will be required beyond the completion of the then current policy year, but that the benefits of the contract will nevertheless remain in full force, as originally provided. Thus, if the parent should pay only one annual premium and then happen to die, the child would be insured without the payment of any further premiums for a graduated death benefit up to the anniversary preceding age 21, and if then living, the full Endowment of $500 would be paid. The policy provides for liberal cash, loan and paid-up values after payment of premiums for three years.

Medical examination of both the insured and the beneficiary is, of course, necessary, and it is evident that the beneficiary cannot be changed.

Endowments the Favourite.

It may be added that the most popular plan among Intermediate policies is the Twenty-Year Endowment. Premium rates under this plan are lower than in most of the mutual companies. Dividends are liberal, so the net cost to the insured reaches a point where it compares not unfavourably with that in other companies for policies of $1,000 and upward. Thus the Intermediate Branch is furnishing to people of moderate means an opportunity for investment, as well as protection, comparable with the offerings made by other companies to their wealthier neighbors.

3. Special Class Policies.

1899—Inauguration.

It can probably be accepted as a general principle that the men who are unable to obtain insurance under the usual

standard plans are the ones who want it and need it most. Insurance of under-average lives is perfectly sound provided adequate premiums are charged; yet most companies have hesitated to consider such lives. As the Ordinary business of the Metropolitan grew, it became the conviction of the officers that many of the risks who were being declined would be willing, if the privilege were offered, to accept insurance at higher rates, rather than be deprived of it entirely. Announcement was therefore made, under date of June 1, 1899, that the Company would issue "Special Class" policies in connection with both Ordinary and Intermediate applications, on lives that were under-average, and yet considered safely insurable under an increased rate. As was the case when the Intermediate Branch was organized, there were no mortality tables drawn from actual experience that seemed available, and a course similar to that which had been followed for Intermediate policies was adopted—to base rates on a table that would unquestionably be adequate, and to make provision for the return of any savings in mortality through dividends. As a nucleus for this business, the rejections since January 1st were examined, and Special Class policies offered to those where the impairment was not too serious. The mortality table that was selected as being undoubtedly safe was one that had been previously constructed by the Actuary of this Company, and published in the Transactions of the Actuarial Society of America in 1890. This table was constructed by doubling the mortality rates of the Actuaries' Table up to age 60, from which point the rates are gradually merged with the Actuaries' Table itself. Premiums were calculated showing the cost of $1,000 of insurance on the basis of this table, with loading about the same as on non-participating policies.

It was considered that it would be more acceptable to the insured to have the insurance he had applied for reduced than to be asked for an increased premium. So it was decided that the premiums for Special Class policies would be the same as were already in the rate books, hence the same as the insured had expected to pay, and that the Special Class plan would be to issue policies for $500 or $1,000 (or multiples thereof) subject to a lien of such an amount that the net insurance would be the amount the regular Ordinary premium would purchase at the specially computed rates. Liens were computed on this basis for practically all forms of Ordinary contracts, and one-half of

the liens per $1,000 thus computed were made applicable to $500 Intermediate policies. It was then provided that dividends, if earned, would be declared, for Ordinary and Intermediate policies separately, at the end of the fifth and tenth years and annually thereafter, and would be applied in reduction of the lien. Policy conditions and concessions were otherwise similar to those of the regular contracts, the loan and surrender values being based on the net amount of insurance.

The plan adopted was successful in saving much business that would otherwise have been declined, although "Not Taken" cases were frequent because of the disappointment of the insured on not receiving the amount of insurance originally applied for. A special letter was sent to the insured in each case, in order that he might not be deceived, advising him of the lien against his policy.

1901—Additional Tables.

It soon developed that there were many applicants who would prefer an increase in premiums to a reduction of the amount of insurance, and computations were made of the amount of gross insurance that would have to be applied for in order that the deduction of the lien would leave just $1,000 net. Early in 1901 tables were given the field force on the basis of both $1,000 net and $1,000 gross insurance. It had developed that Special Class policies were not issued alone on policies applied for under the regular plans, but that the field force, being acquainted with the Company's treatment of various classes of risks, in many cases sent in original applications for Special Class policies, knowing that the applicant would probably be eligible for a Special Class, but not an Ordinary contract.

1906—Policies with Decreased Liens.

The new premiums adopted by the Ordinary Department in 1901 and by the Intermediate in 1902 applied also to Special Class policies, but no changes were made in the liens until the beginning of 1906. At this time a new mortality table was constructed by doubling the death rates of the American Experience Table and this new table, with three and one-half per cent. interest, was made the basis of new liens, which as a rule showed a substantial decrease, particularly on Endowment policies. At age 20 on a Ten-Year Endowment policy the lien

was only $45 per $1,000, whereas it had been $86. Under the new table Intermediate Special Class policies were limited to Twenty-Year Endowments.

Very Large Dividends.

The Company's experience on these participating contracts has been very satisfactory, the number of claims being only about seventy-one per cent. of the "expected claims" under the mortality tables adopted. The result has been that the reductions in the liens have been large. They have been entirely wiped out on all of the Intermediate policies ten or more years in force, and on Ordinary policies of the same duration they have been reduced from forty to one hundred per cent. The early issues of Ten-Year and Fifteen-Year Endowments in both departments have not only been freed of their liens, but such as have matured have received an additional dividend in cash. On Twenty-Year Endowments the liens were extinguished at the end of ten years on the Intermediate contracts and fifteen on the Ordinary. All existing classes whose liens have been extinguished are now receiving liberal annual dividends.

The Company began the payment of *post mortem* dividends on Special Class policies in 1914.

1907—Non-Participating Policies.

Under the operation of the Armstrong laws it became necessary to place the Special Class policies on a non-participating basis. It was essential that a mortality table approximating actual results as closely as possible should be used for premiums and concessions; and such a table was compiled from the Company's experience since 1899 on its Special Class policies. New tables of rates and loan and surrender values were published on a non-participating basis, and the substitution of plain, definite contracts for those bearing reducible liens proved so acceptable to the public that the amount issued in 1907 was seventy-five per cent. greater than in 1906, and the proportion of "Not Takens" much smaller.

These non-participating contracts have been similar, except as to rates and values, to the Ordinary and Intermediate policies, and the changes in policy forms heretofore described have also applied to Special Class policies. Increased loan and surrender values were computed at the beginning of 1908 and

1909, the latter retroactive, on principles similar to those of the Ordinary and Intermediate contracts.

1915—Mutualization: Participation to All, Premiums Unchanged.

In the matter of participation, Special Class policies were affected in the same manner as Intermediate policies when the Company became mutual. That is, the non-participating contracts issued since the beginning of 1907 were given the right to share in the distribution of surplus, while those issued prior to 1907 remained participating in accordance with the original terms of the policies. The two dividends declared so far under mutualization, for the years 1916 and 1917, have included all policies in force on which premiums have been paid for not less than five years, and the dividends are substantial in amount. The amount declared for the year 1917 amounts to $166,000 of which $95,000 are on policies issued since 1906 which originally contained no provision for dividends. Mortuary and *post mortem* dividends are paid, similar to those on Ordinary and Intermediate policies.

A careful analysis of the Company's Special Class business indicated that the premium rates might safely be maintained, hence no increase was made over the rates in use prior to mutualization.

For Whom Designed.

Special Class policies may be said to be serving especially two classes of sub-standard risks: (1) Those for whom application is originally made with the expectation of acceptance under the regular forms, but who by reason of unsatisfactory medical examination or other circumstances are found to measure below Ordinary, but within Special Class standards, and are therefore offered contracts on the latter plan; (2) those engaged in occupations that are proscribed by most life insurance companies, but on whom, by special provision in the rate book used by the Metropolitan Agent, applications at Special Class rates may be submitted. The fact that such persons now hold nearly forty millions of dollars of insurance protection with this Company may surely be advanced as additional evidence of its desire to be an institution of real service in this land of ours.

4. Group Insurance (Life).

Nature of Group Insurance.

Group Insurance is referred to in the New York Insurance Law, although not specifically defined, as insurance "granted on the same plan within each group, under a contract with a given person, firm or corporation, covering groups of not less than one hundred lives all in the employ of such person, firm or corporation." The general scheme of Group insurance has also been applied to groups of persons other than employees, such as social organizations. The insurance is usually written under a blanket policy, without medical examination of the individual, and at a comparatively low premium. It is a very recent development in the field of life insurance, and has only lately emerged from the experimental stage.

As a substitute for individual medical examinations, careful consideration is given to the general conditions surrounding the group to be insured. In the usual case of employees, it is not difficult to ascertain their general state of health, working conditions and surroundings. Among a group of persons regularly employed and working under healthful conditions, there are so few uninsurable lives that the general average of the risks is considered high enough to warrant a company in taking the *whole group*. In most instances, however, it is considered advisable that those who desire to enter the group subsequent to the time when the insurance is originally issued should be subjected to medical examination.

The first offer of Group insurance made by the Metropolitan was in the Industrial Department in 1909, described in the Schedule for that Department. As there stated, the results were meagre. In the Ordinary Department no special efforts have ever been made to push this form of insurance. The obvious reason was that the Company was writing the full limit of Ordinary insurance allowed by the New York statute, and in fact has been compelled to cease writing Ordinary insurance for delivery in the current year long before its close. It was felt to be an injustice to the agents to cut them off still earlier by writing large amounts of group insurance. Nevertheless the Company has been prepared to meet such applications as might arise, and has placed insurance on several different groups. The largest groups are those of the Company's own employees in the field and at the Home Office, the life insurance

in these instances being combined with special offers of disa-bility insurance under the Company's Group Health policy. In 1916 the New York Legislature amended the law by excluding Group insurance from the limitation, and it is expected that hereafter the Company will write much more Group insurance.

Forms of Policies.

Premium rates and policy forms have been prepared by the Company for Group Life insurance on two distinct plans—Endowment at Age 90 and One Year Renewable Term. The former is on the level premium plan (as to each individual policy), while in the latter, the premium increases as the age advances.

Under each of these plans a blanket policy is issued to a person, firm or corporation designated the "Holder," and the individuals insured are listed in a Register showing the names of the persons insured, and the premium and amount of insurance on each. Individual certificates of insurance are given to the persons insured if desired. As new lives come into the group, they are added to the Register, while those leaving the group are taken off. The premium is payable at stipulated periods, such as yearly or monthly, by the Holder, the amount which he is called upon to pay being the sum of the individual premiums for all of the lives on the Register. Death benefits, as claims occur, are payable to the beneficiaries designated in the applications made out by the individuals insured.

The policy is similar in most of its general conditions to other Ordinary policies issued by the Company, with provisions for grace in the payment of premiums, reinstatement, change of beneficiary, incontestability, etc. The policies are participating. The Endowment at Age 90 policy contains provisions for cash, loan and paid-up values after payment of premiums for three years.

It is realized that in some instances an individual may be compelled to leave the group in which he is insured, as in the case of an employee discontinuing service with his employer, and yet may desire to continue his insurance. Provision for such cases, even where the individual may no longer be insurable, has been made by the Company in a clause permitting any person who has been insured in the group for a reasonable length of time, and ceases to be a member of the group, to

continue his insurance without medical examination. Under the Endowment at Age 90 policy, such a person may obtain a separate individual policy on the Endowment at 90 plan, bearing the original date, and at the rate (annual, semi-annual or quarterly) for the original age at entry. Under the One Year Renewable Term contract, those withdrawing from the group have the right to receive policies for the same amount as under the group policy, on the Endowment at 85, Limited Payment Life or Endowment plan, at the Company's regularly published rates for the then attained age.

Social Effects.

Group insurance, as previously stated, finds its principal field among the employers of large numbers of workers. The premium is most frequently paid in whole or in part by the employer. In its development along these lines, it promises to be of distinct social service in promoting more friendly relations between employer and employee, in tending to establish employment on a more permanent basis, and in providing insurance for those employees in the insured groups who, because of negligence or possibly on account of uninsurability, would otherwise leave their families unprotected.

ʾchedule—Disability Insurance Department.

1909—First Announcement of Health Insurance.

The Disability Insurance Department of the Company is he department in charge of Group Health insurance. This ɔrm of disability insurance should not be confused with the oncessions granted by the Company upon the occurrence of *ɔtal and permanent* disability, which form a part of its regular)rdinary and Industrial policies, and are in no way related ɔ the Health policy.

The first announcement of the intention of the Company to ngage in the business of Health insurance appeared at the ›eginning of 1909. The announcement dwelt upon the in- reasing part that the Company was taking in the field of social ervice, and read in part as follows:

> "For the present the Company will limit its activities to writing life insurance as heretofore. It is hoped, however, if the demand therefor is shown, and if the feasibility can be demonstrated, to provide other forms of insurance, particularly insurance against sickness, invalidity and old age. Primarily, however, it is the earnest purpose of the Company, irrespective of the kind of insurance which it may develop, to furnish it to workmen at the minimum of cost consistent with security and safety.
>
> "The timeliness of this action on the part of the Company is indicated by the resolution of the Conference on Child Care, called by President ROOSEVELT, which completed its sessions in Washington on Tuesday [January 26]. The Conference unanimously resolved that it was the sense of the Conference to provide effective measures to secure compensation or insurance, so as to provide a family income in case of sickness, accident, death or invalidism of the bread-winner."

1913—Amendment of Charter.

In its charter as it stood in 1909, the Company was re- ›tricted to the business of life insurance and annuities. In ›rder that it might transact the business of Health insurance, t was necessary that the charter be amended, and to accomplish his it was necessary in turn to procure an amendment to ʾection 52 of the New York State Insurance Law. The

necessary change in the Insurance Law was obtained in Chapter 48 of the Laws of 1913, passed in March, and on the 17th of April, the charter was duly amended by the action of the Board of Directors, pursuant to the provisions of the Insurance Law, so as to permit the transaction of Health insurance. When the Company became mutual in 1915, it was necessary under the Insurance Law to still further amend the provision in the charter relating to the forms of insurance that might be written, and the charter now reads in this connection:

> "ARTICLE III. The business of said corporation and the kinds of insurance to be undertaken by it are to make insurance upon the lives and the health of persons, and every insurance appertaining thereto; and to grant, purchase or dispose of annuities; and to make insurance against injury, disablement or death resulting from traveling or general accident, and against disablement resulting from sickness, and every insurance appertaining thereto, said kinds of insurance being authorized by and under subdivisions one and two of Section 70 of the Insurance Law of the State of New York."

1914—Establishment of Disability Insurance Department.

The Company at the outset was confronted by the scarcity of data relating to Health insurance in this country, where corporate insurance of this nature, except for specified diseases, had been but little developed. The Company, therefore, sent some of its Officers to Europe to study the subject there, and in addition sought advice from the best qualified British actuaries. Even with this, there were no tables of the rate of sickness which could be absolutely relied upon to represent the conditions likely to be met in this country. It was determined, nevertheless, in spite of difficulties, to undertake the transaction of Health insurance on the *group* plan, and in July, 1914, the Disability Insurance Department was established for the purpose. The premiums were made as low as appeared to be safe under the data available, with the idea that if later on the Company's experience should warrant, reductions could easily be made.

1914-1916—The Group Health Policy.

Like the Group Life contracts, the Group Health policy is designed as a medium through which employers may procure insurance for their employees. The employer, designated the "Holder," is given a blanket policy, and there is a Register

containing a list of the individuals insured, with the necessary data for each. New employees entering the group are added to the Register, and those leaving the group are taken off. The premium payable each month by the Holder is the aggregate of the individual premiums for the persons listed in the Register at the time. The insurance is virtually on the One Year Term plan, with the premium increasing with advancing age.

The policy provides weekly benefits upon proof of total incapacity resulting from sickness or accidental injury. No benefit is payable under the policy for the first seven days of incapacity, nor for the first four weeks of insurance. The benefits are divided into three periods. During the first period of 26 weeks full benefit is paid; during the second period of 234 weeks, or 4½ years, one-half benefit; and during the third period, running to age 65, one-quarter benefit. In order to discourage malingering, the weekly benefit, including any other existing insurance or benefits, is limited to two-thirds of the average earnings for six months prior to incapacity. Special provisions are made for the amount of benefit to be paid in various cases of recurrence of incapacity. The policy is non-participating.

Separate tables of premium rates were compiled for the insurance of male and female risks, inasmuch as the statistics available indicated a rather greater rate of sickness among women than men, necessitating a somewhat higher premium. Moreover, it is well known that sickness and accident rates vary with different occupations and under different working conditions, and as a matter of fairness, as well as sound actuarial practice, premium rates have been computed for four different classes. The class in which an employee or group of employees would fall depends not only upon the occupation, but upon the physical conditions of the plant in which the employees work.

Because there has been so little experience that might be used as a guide, the Company has been proceeding cautiously in this matter of Health insurance. As in the case of Group Life insurance, the principal Group Health policies have been written on the Company's employees at the Home Office and in the Field, the Company paying from a part to the whole of the premium. The experience of these groups alone, both as to the rate of sickness and as to matters of practical administration, has been of great value. Other groups have been

written, but they are smaller than those made up of the Company's employees.

Purpose.

The desire to make proper provision for employees incapacitated for work, by reason of sickness or accident produces one of the most perplexing problems that employers have to solve. The purpose of the Group Health policy is to aid employers in their efforts to reach a satisfactory solution. Any practical arrangement that an employer can make, under which adequate provisions are made for his employees when incapacitated, may reasonably be expected to result not alone in increased loyalty and efficiency of service, but likewise in the better health and welfare of the employee. Such a provision as Group Health insurance—if we may borrow an appropriate phrase from the President of one of our large life insurance companies—"may be viewed as a practical application of social insurance principles in strict accord with our American ideals of individualism."

Schedule—Welfare Work for Policy-holders.

1898—"A Friend in Need is a Friend Indeed."

The Company issued its first Welfare publication in the orm of a book with the above title, containing instruction in ygiene and first aid, for distribution among its policy-holders. ractically all insured families secured copies.

1906—Emergency Relief for Policy-holders.

During the earthquake and fire in San Francisco the Metopolitan furnished financial help to many policy-holders whose omes and possessions had been destroyed. Death claims were aid without the production of policies and premium receipt ooks.

1909—Welfare Division Organized.

On February 1st, the Company organized a special division or the education of its policy-holders on matters of health and or caring for them during illness. LEE K. FRANKEL, Ph.D., vas placed in charge of the Division, resigning from the service f the Russell Sage Foundation to take the position with us. ll of his life since his college graduation and subsequent nstructorship at the University of Pennsylvania had been deoted to Welfare work in various fields of labour.

1909—"The Metropolitan."

The Company for nearly thirty years had issued a paper r magazine for circulation among its policy-holders. At diferent times various periods of issue had been fixed—monthly, i-monthly and quarterly. Until this year the periodical had een mainly devoted to insurance literature and Company anouncements. In 1909 Welfare literature began to occupy a onsiderable portion of its space. Since then *The Metropolitan*, s the magazine is called, has become practically a Health and Velfare publication, and many special articles, prepared by xperts, have been printed; some of the leaflets circulated y the Company have first appeared in this journal. It is ow published quarterly and five millions of copies are printed

—the largest circulation of any magazine in the world. Occasionally editions are printed in twelve languages, including French, Italian, German, Dutch, Yiddish and Polish.

1909—Nursing Service Organized.

On November 7th the Nursing Service for Industrial policy-holders was started in New York City. The plan of giving Nursing Service to Industrial policy-holders has now developed until it covers about 9,000,000 policy-holders in the United States and Canada, living in over 2,000 cities and towns. Over six millions of visits have been made and the yearly average is over a million visits to 200,000 policy-holders. The plan is this: The Company employs trained Nurses, getting them from local Nurses' Associations where possible (in Canada it uses chiefly the Victorian Order), and where not possible installing its own Nurses. Policy-holders receive cards to be filled out when sickness occurs, to be handed to the Agents on their calls or to be sent to the District Offices of the Company or to the Nurse Headquarters direct. The Nurse then calls promptly, puts herself under the direction of the family physician and gives such service as the physician directs. The Nurses are paid by the Company and no charge is made to the policy-holder.

1909—"A War on Consumption."

On July 23d "A War on Consumption," the first of the new and general series of health publications, was issued by the Company. To date, over 6,000,000 copies of this publication have been distributed. This pamphlet set a new mark in our health education, emphasizing simplicity of diction and beauty of make-up as essentials in securing a large number of readers. It is probable that one-quarter of the population of the United States and Canada have read this booklet.

1909—Assisting in Securing Tuberculosis Hospitals.

The Company distributed 500,000 special circulars in regard to the need of additional sanatorium facilities in Chicago, in preparation for a referendum vote to authorize a bond issue. This work has caused the plan to be followed in many other communities until, at the present time, it is seldom that a bond issue for a hospital or a sanatorium provision is submitted to a vote without the Company's assistance being requested.

1909—Co-operation with Health Departments.

The Vermont State Board of Health utilized the Company publications for the first time. Now a large number of Boards are availing themselves of the Company's offer to furnish them with publications.

1909—Exhibits.

The Company began its exhibits at County Fairs, Expositions, etc. At these, charts of the Company's Welfare Work are displayed. Emergency hospitals are erected in which "first aid" treatment is given. Millions of copies of the Company's Welfare pamphlets are distributed. One hundred and fifty-four exhibits were displayed in the year 1916.

Literature Issued During 1909.

"A War on Consumption."

1910—United States Department of Health.

A special number of *The Metropolitan* was devoted to the need of a United States Department of Health. Policy-holders were urged to communicate with their representatives in Congress in order to secure the passage of this measure. Thousands of such letters were received by members of Congress. This was the first nation-wide appeal made by the Company.

1910—Bond Issue in Cleveland.

The Company proved by the large vote secured for a tuberculosis sanatorium in Cleveland that the Chicago effort was not accidental, but that the help of policy-holders could be secured whenever a proper health measure was presented to them in the right way. The Company received the thanks of the City authorities for its effective co-operation.

Literature Issued During 1910.

"Directions for Living and Sleeping in the Open Air."
"From Flies and Filth and Fever to Food"—Circular.
Sleeping Shack—Circular.
Wax Drinking Cups.

1911—Homes for Workingmen.

The Company loaned a large sum of money for a housing experiment in Brooklyn. A similar plan was developed in Akron,

Ohio. This movement for the use of the Company's funds in order to improve housing conditions will probably spread wider in the next few years. In Akron, the Goodyear Rubber Company sells the land to employees and advances money to them in addition to the Metropolitan loan sufficient to build the houses. Payments of interest and instalments on the principal of the mortgages are made to the Goodyear Company monthly, together with a life insurance premium to cover insurance to the amount of the yearly balances unpaid on the mortgage. At the end of the term—12 or 15 years—the mortgages are cancelled; and if death occur meanwhile the insurance frees the property from mortgage for the widow.

1911—Health and Happiness League.

A league of juvenile policy-holders of the Company was organized. The members pledge themselves to cleanliness in person and habits. At the present time it has enrolled 125,000 members. Close co-operation was secured with the Boy Scouts of America and an effort was made to enroll our policy-holders in the Boy Scouts when they reach the age of 12 years.

1912—Tenement House Circular.

The first of the series of special circulars outlining to policy-holders their rights and duties under the tenement house laws of their respective cities was issued for St. Louis. Similar circulars have since that time been issued for Davenport, Boston, Buffalo, Louisville and for the cities and towns of Indiana. These have remarkably increased the number of reports of tenement house violations in these cities.

Literature Issued During 1912.

"Tuberculosis Sanatoria Lists"—1912 Edition.
"The Child"—English.
"Welfare Work for Policy-holders."
"Welfare Work for Employees."
"Welfare Work—Visiting Nurse Service."
Baby Circular.
Folding Drinking Cups.
"Milk"—Circular.
"Teeth, Tonsils and Adenoids"—English.

1913—Clean-up Campaigns.

A special circular on the importance of Clean-up Campaigns was issued by the Company. During this year 35 Clean-up Campaigns were held and the movement has spread until at the present time the Company has co-operated in upward of 500 cities by distributing special circulars and urging policy-holders to co-operate with their Health Officers. The house-holders are persuaded to clean out the rubbish from houses and yards and gather it at a fixed time in the streets to be carted away by the city employees.

1913—Registration of Births.

The Agents of the Company were instructed to assist in securing complete registration of births. Special circulars and special forms were issued for this purpose and birth registration in many communities has improved as a result of this effort.

1913—Epidemics.

Special circulars in regard to epidemic diseases were issued. Whenever an epidemic breaks out in a community special circulars are distributed to policy-holders outlining to them the necessary care. The Company's Nurses are at such times very much in evidence. During the Memphis typhoid fever epidemic, following the floods, they were the principal active body fighting the plague; and at Torrington, Conn., during an epidemic of the same disease, special Nurses were sent by the Company.

1913—Amendment to New York Constitution.

The Agents of the Company in New York State urged policy-holders to support the Amendment to the Constitution which made possible the passage of the Workmen's Compensation Act.

1913—Nursing Field Supervisors.

The Company employed a number of Supervising Nurses to spend their entire time in the Field to instruct and assist Field Nurses. In this way the service given to policy-holders was remarkably improved.

1913—Literature.

Many of the Company's publications were translated into foreign languages during 1913. At the present time practically all of the important circulars are issued in a number of languages.

Literature Distributed During 1913.

"Fake Consumption Cures."

"Smallpox and Its Prevention"—English.

"Teeth, Tonsils and Adenoids"—French, German, Italian, Spanish, Polish and Yiddish.

"The Child"—French, German, Italian, Polish and Yiddish.

"The Health of the Worker"—English.

"The Health of the Worker"—French.

"Consumption"—Circular.

"Day in the Life of a Fly"—Circular.

"Health Campaign"—Circular.

"Health and Happiness League Pledge Folder."

1914—Co-operation with Health Officers.

A special letter was directed to Health Officers calling attention to the assistance which the Company could give to them in securing adequate health administration. This has been largely availed of.

1914—Tuberculosis Hospitals.

At the request of the State Charities Aid Association and the New York State Department of Health the Company's Agents circulated leaflets urging a vote on the referendum of a bond issue for tuberculosis hospitals in the counties of Nassau, Suffolk, Lewis and Chenango. The bond issues were all voted.

1914—Standardization of Nursing Service.

A Nursing Manual containing the plans and rules of the Nursing Service was issued. This outlined in detail the plans of the Company and raised the standard of nursing work given to policy-holders.

1914—Maternity Service.

The maternity service was extended to all policy-holders after the policies were a year in force; this consists of a sufficient number of visits after the birth of a child to see mother and child through the danger period. This special service now accounts for 18 per cent. of the Company's nursing.

1914—Clean-up Campaigns.

These campaigns, previously described, were carried on in 153 cities.

1914—Standardization of Nursing Records.

The efforts of the Company to secure proper reporting and accurate diagnosis was so successful that for the first time accurate morbidity statistics were available.

1914—"First Aid in the Home."

This is a book taking the place of "A Friend in Need is a Friend Indeed," published in 1898, as above recorded. It contains practical advice to mothers in cases of accident and sickness in the home. It has had a circulation of 1,155,000. The book was prepared by Major LYNCH of the Medical Corps, United States Army.

Literature Distributed During 1914.

The emphasis in this issue of literature was to secure circulars on special diseases which could be distributed during epidemics.

"All About Milk."
"First Aid in the Home."
"A Magic Book of Health Rules."
"Measles."
"Scarlet Fever."
"Smallpox and Its Prevention"—French.
"Typhoid Fever and How to Prevent It"—English and French.
"Welfare Publication Catalogue."
"Whooping-cough."
Baby Circular—French.
"Health and Happiness League Pledge Folder"—French.
"Welfare Publications"—Circular.
"Veteran League Applications."

1915—Unemployment Surveys.

At the request of the United States Department of Labour and the mayors of a number of cities, unemployment surveys were taken by the Agents in 45 cities. Over 650,000 families, covering 3,000,000 individuals, were interviewed by Agents. This was done under the personal direction of Dr. ROYAL MEEKER, United States Commissioner of Labor Statistics, and Third Vice-President FRANKEL, who visited each of the cities and instructed the Agents. The information desired was

obtained and recorded and then tabulated. The surveys have been published by the United States Government.

1915—Sickness Surveys.

The first of a series of sickness surveys was taken by Agents in Rochester, N. Y., and Trenton, N. J. This is the first attempt in the United States to secure accurate morbidity statistics. Similar surveys have been conducted in North Carolina and in Boston.

1915—Appropriations to Health Departments.

At the request of the State Departments of Health of New York and of Washington, policy-holders were urged to assist in securing adequate appropriations. It has been stated that in the case of Washington the appropriation would not have been forthcoming but for the efforts of the Company.

1915—Social Hygiene Prize.

The Company offered a prize of $1,000 to The American Social Hygiene Association for the best essay on Social Hygiene for adolescents between the age of 12 and 16. It is thought that as a result of this offer the best treatise on the subject has been secured. It was published in pamphlet form in 1916 by The American Social Hygiene Association.

1915—Clean-up Campaigns.

The campaigns heretofore described were carried on in 274 cities.

1915—Nursing Service in Co-operation with State Health Departments.

In co-operation with the Health Department of North Carolina arrangements were made by which Nursing Service is extended to many policy-holders not theretofore covered by the Company's regular Nursing Service owing to the smallness of the communities. A joint arrangement for the supervision of this Service was developed and the Company became an important part of the State Health Administration. This plan has now been adopted in Virginia, by action of the State authorities.

1915—Securing Co-operation of Medical Examiners.

In order to secure the enactment of laws for full-time Health Officers and proper registration of births and deaths the Com-

pany secured the active co-operation of many medical societies through its medical examiners in Georgia, Kansas and Michigan.

1915—Tuberculosis Hospitals.

A campaign similar to the one above described in Nassau and other counties of New York State was made by the Agents in Niagara, Rockland, Steuben, Jefferson and Herkimer Counties, New York State, in favour of a vote by the people authorizing bond issues for county tuberculosis hospitals. The campaign was successful.

Literature Issued in 1915.

Baby Circular—Spanish.
"Whooping-cough"—French.
"Measles"—French.
"Cancer."
"Diphtheria."
"Safety First."
"Pellagra."
"The Light That Never Fails."
"First Aid"—French.
"All About Milk"—French.
"Malaria."
"Hookworm."
"How to Live Long."
"Leisure."
"Guardian Angel."
"Play."
"Chinese Doctors"—a plea for keeping well.
"To Mothers and Fathers."
"Marriage."
"Fatigue."
"Seven Ages of Woman."
"What Do I Spend?"
"War on Consumption"—Spanish.
Health Campaign Circular—Spanish.

1916—Tuberculosis Hospitals.

Special circulars were prepared to bring out a vote in the Counties of Rensselaer, Warren and Livingston in the State of New York, in favour of a referendum for the issue of bonds for the erection of county tuberculosis hospitals. The bond issues were carried.

Our Agents gave similar assistance toward the carrying of a vote for a bond issue in Dubuque, Ia., for the erection of a hospital.

In a similar campaign in La Salle County, Illinois, our Agents assisted in successfully carrying the vote and made a special distribution of the pamphlet "A War on Consumption."

1916—Clean-up Campaigns.

These, as above described, were carried on in 311 cities.

1916—Baby Week Campaigns.

At the request of the Children's Bureau of the United States Department of Labour, the Company urged its Superintendents to take an active interest in Baby Week Campaigns. The Company offered a prize of $5 in any Baby Week Contest that might be held. This offer of the Company, together with the interest of its representatives, did much to stimulate the movement for the reduction in infant mortality in many communities. In St. Louis the head of the campaign said that all of the literature circulated was the Metropolitan's publications. The Company co-operated in 434 communities, and awarded prizes in nearly 200 of these.

1916—$100,000 for Tuberculosis Experiment.

The Company offered to the National Association for the Study and Prevention of Tuberculosis to disburse the sum of $100,000 over a period of three years in working out in some city to be selected an experiment to determine, if possible, methods by which tuberculosis could be eliminated. Framingham, Mass., has been chosen for the experiment and the work is in progress.

1916—Epidemic of Infantile Paralysis.

The Company was asked to assist in bringing to the attention of policy-holders the known means of preventing Infantile Paralysis during the recent epidemic. Special circulars were issued and special notices were published in a number of issues of *The Metropolitan* in order that policy-holders might be informed in regard to this disease.

1916—"The Metropolitan" and Health Officers.

The Company offered to Health Officers the use of the columns of *The Metropolitan* for any special message that they might desire to deliver to the citizens of their communities.

A large number have availed themselves of this and have sent special messages through *The Metropolitan* to the Company's policy-holders.

1916—Scholarship for Southern Nurses.

The Company offered ten scholarships of $250 each, to be awarded through an institution in the South giving adequate post-graduate instruction in public health nursing.

1916—Local Supervision of Nursing Service.

The Company developed in a large number of localities a plan of local supervision of the nursing work. A number of cities and towns are grouped and placed under the control of a local Supervising Nurse.

1916—Tuberculosis Hospital in Cincinnati.

Through the efforts of the Company's Agents and policy-holders, an appropriation, theretofore refused, was obtained to extend and improve the curative work in the Municipal Tuberculosis Hospital of Cincinnati, Ohio.

1916—Almanac for 1917.

There was prepared and distributed for circulation an enormous edition (5,685,000) of a pamphlet called an Almanac for 1917 to take the place of the usual annual calendar. Besides containing the usual information given in almanacs, the book is filled with articles on health and hygiene, written and illustrated in a most attractive form.

Literature Issued in 1916.

"Infantile Paralysis."
"How to Live Long"—French.

Schedule—Welfare Work for Employees

1893—Lunch Room.

Lunch room facilities were provided for Home Office Clerks. At a later date provision was made to serve tea and coffee at cost.

1894—Athletic Association.

An Athletic Association of Home Office employees was established. The Company built a gymnasium in the Home Office, but was obliged later to take it over temporarily owing to the necessity of enlarging the mechanical and clerical plants. The Athletic Association at the present time has over eleven hundred members. It holds annual field days for track sports. It has a baseball club which plays with clubs from other insurance companies and from banks. In 1916 it lost but one game, and became champion.

1895—Allowances.

Allowances were granted by the Board of Directors for aged employees of both the Home Office and the Field Force. During 1915 payment of allowances was made to 622 Field employees and 85 Home Office employees. In 1915 regular provision was made for retirement of Home Office Clerks.

1897—Mathematics Class.

A class in mathematics under the direction of the Actuary was organized, its purpose being to prepare Clerks in the Actuarial Division for the examinations of the Actuarial Society.

1898—Attendance Bonuses.

A bonus of one week's salary was given to Clerks who had made particularly good attendance records during the year.

1900—Staff Savings Fund.

The Company organized a Staff Savings Fund and provided that the Company would deposit an amount equal to one-half of the amount deposited by the Clerks during the current year. The Company's deposits may be withdrawn if the person is retiring from service because of incapacity or if the account has been open for twenty years. In 1916 there

were 83 such withdrawals. Withdrawals of the employees' deposits are allowed at any other time, but in such cases the Company's contributions are not paid. In 1916 there were so withdrawn $177,778.72. These contributions remain in the Fund and enure to the benefit of the persistent depositors. In the year 1916 there were over 9,428 depositors, with an amount to their credit, including the Company's deposits, of over $3,600,000. The interest earnings (including profits from Company's contributions left in the fund) vary in the different classes of employees from 6.80 to 7.77 per cent. annually.

1904—Luncheon Facilities.

A lunch club for women employees was organized and luncheon furnished at cost. All deficits for this service were met by the Company.

1906—Medical Examination.

A medical examination for all female applicants for positions in the Home Office was inaugurated. This was extended to male employees in 1910 and to applicants for positions in the Field Force in the same year. The purpose of this was to protect employees of the Company from persons who might have contagious diseases and to keep out of the employ of the Company persons who might break down under the work for which they were employed.

1906—Salary Scale Changed.

A minimum salary of $8 for all women Clerks and $10 for stenographers was established. This was increased to $9 and $11 respectively in 1913. In addition Clerks were to receive

$150 after 3 years of continuous service,
300 after 6 years of continuous service,
500 after 9 years of continuous service,
200 at the end of the 10th year and each subsequent year.

1906—Mental Examination.

A mental examination was inaugurated in order to determine the capacity of persons seeking employment. This examination was revised in 1914 and one prepared by Professor THORNDIKE of Columbia University substituted for the one previously in use.

1908—Stenographic Classes.

The Company undertook to train Clerks desirous of securing stenographic positions with the Company. At the present

time two classes, an elementary and a speed class, are carried on by the Company. Individuals are promoted from the speed class to stenographic positions in the Company.

1908—Free Luncheons.

A free luncheon service was established for employees. At the present time nearly 6,000 lunches are served daily in various rooms of the Home Office building. The Clerks have a four-course luncheon and the food is prescribed by dieticians. In special cases, food prescribed by physicians is served; and in 1916 milk was served during office hours before or after lunch to a daily average of over 39 Clerks.

1909—Glee Club.

A Glee Club of Home Office men was organized. This has at the present time an active membership of 54 persons and an associate membership of 205. It employs its own director and accompanist. A number of regular concerts are given each year.

1909—English Classes.

A number of employees organized a Class for the study of Business English. The Company took over this undertaking in 1910 and continued it until the spring of 1913.

1909—Individual Towels.

Clerks were supplied with individual towels and towel lockers. Arrangements were made by which fresh towels were to be supplied twice weekly.

1909—Umbrellas.

On stormy days, when a storm occurs after Clerks have left home, women Clerks are provided with umbrellas free of charge. These must be returned the following morning. It is planned to extend this privilege to male Clerks.

1910—Library.

The Library for Home Office Clerks was organized. This at present has almost 3,000 members and has a monthly circulation of 3,000 volumes. The Library contains a large number of books on insurance, and is also a branch of the New York Public Library for the circulation of fiction.

1911—Home Office Dispensary.

A Dispensary for Home Office employees for the giving of medical and surgical care was organized. The attendance and the number of persons treated has increased from year

to year. During 1916 over 25,000 persons received attention, nearly two-thirds of whom were female, a daily average of over 90. The medical cases were 16,589; the surgical cases were 8,438. In many instances Clerks are able to return to their work as a result of medical care and rest and in other instances serious diseases are discovered in the incipient stages. The Dispensary contains rest rooms for men and women, where sick people may retire when necessary, and trained nurses are in attendance. When very ill Clerks are sent home and trained nurses accompany or follow them. Over 1,300 Clerks were sent home in 1916. There were 101 sent to the Sanatorium.

1911—Individual Drinking Glasses.

Individual drinking glasses were supplied to all Clerks to be kept by them during the period of their employment. This has eliminated completely the common drinking cup from the Home Office.

1911—Pre-tubercular Care.

In connection with the dispensary pre-tubercular care has been given to a number of individuals. Persons who are run down are carefully watched by the physicians-in-charge and report to the dispensary for milk twice daily.

1911—Dancing During Noon Hour.

Music was provided for dancing for women Clerks during the luncheon period in the splendid large Assembly Hall, which is also used for meetings of employees, for Company Conventions, for concerts, etc.

1912—Vacation Savings Fund.

A branch of the Vacation Savings Fund was opened in the Home Office and deposits from Clerks were received. At the present time there are 1,500 depositors, who deposited over $20,000 in 1916. The Fund serves a double purpose. It provides a means by which the Clerks can save toward their vacation expense, and acts also as an encouragement to join the Staff Savings Fund.

1912—Correspondence Course in Life Insurance.

A course of ten lessons (later increased to twelve) was prepared and furnished at regular intervals to persons enrolled in the course. The present course is compulsory for all field men who have been in the service for a period of six months,

and is open to all other employees. The full titles of the twelve lessons are given in the introduction to this book.

Five thousand three hundred and twelve (5312) students have been graduated and received diplomas.

1912—Cooperative Store.

A retail store was organized by Home Office employees and has resulted in cutting the cost of necessities for employees who have availed themselves of it. During 1916, it did a business of $65,000. The Company pays the rent, other expenses are borne by the business. These are very small and the employees get the goods practically at cost. They can buy anything from a pin to a piano: food, clothing, household utensils, articles of personal and home adornment. At holiday time, turkeys are bought by the carload.

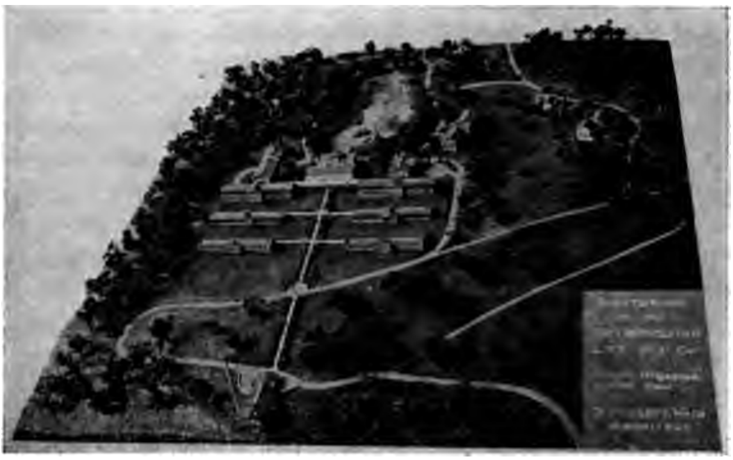
1913—Optical Clinic.

An Optical Clinic for employees was organized in the Home Office for free examination of the eyes and for furnishing eye glasses at cost price to employees. During 1916, 836 examinations were made, and 3,625 pairs of eye glasses were supplied. This has resulted in reducing the time lost due to optical examinations from almost a week to one-half day.

1913—Mount McGregor Opened.

The Sanatorium at Mount McGregor was opened in November, 1913. It was planned for employees suffering from tuberculosis, and has secured early and successful treatment for employees suffering from tuberculosis. Through it, Agents and Clerks have been trained in the proper care of the disease and have returned to their homes and preached the importance of rest, fresh air and good food. The results of the work of the Sanatorium are particularly interesting in view of the fact that practically all patients who have been discharged with the disease arrested or quiescent, have returned immediately to the work in which they were engaged before their admission. Mount McGregor is situated nine miles north of Saratoga Springs, 1,200 feet above the sea. The buildings are very extensive, fireproof, as sanitary as buildings can be made. They consist of three wards for men, three for women; an infirmary for the sick and the oversight of the newly arrived; a beautiful Chapel (whose tower bells correspond in chimes to those in the Home Office tower) adjoining the infirmary, which latter is so connected that patients may be wheeled into

the gallery of the Chapel; a large administration building; a house for the Nurses and one for the Superintendent, Dr. H. J. Howk; a power house and laundry connected by tunnel; a water tower connected with the Company's lake; and a farm of 325 acres, with model barns and dairy, from which plant the Sanatorium is supplied with milk, vegetables, eggs, bacon, etc. This Sanatorium is described by experts as un-



BIRD'S-EYE VIEW OF THE SANATORIUM

doubtedly the finest in the world. Frequent visits to it are made by societies and physicians interested in tuberculosis work. It has been in operation three years during which 514 tuberculous and 78 other patients have been admitted—total, 592; there were at the end of 1916, 221 patients there; there have been discharged 313 tuberculous patients, 176 of them with cases arrested or quiescent, besides 72 others improved—total 248; and 58 patients from other diseases of whom 50 have returned to work.

The grounds about the buildings, formerly arid rock, are now ornamented with flower gardens, cared for by the patients, and are very beautiful. A large library is served by the patients; other patients are employed in basket-making, clerical work and there is a class in forestry. They publish a bi-weekly paper, *The Optimist*. Besides the care of inmates, the physicians are making intensive studies of the disease and its treatment, and are in correlation with other sanatoria and with tuberculosis societies.

1914—Ventilation and Sanitation Studies.

Careful studies by experts in ventilation and sanitation of the Home Office in order to secure the best possible working conditions for employees were undertaken. Well known experts in various lines made careful studies of Home Office conditions.

1914—Disability Insurance.

The Company offered an insurance plan in which provision could be made against sickness and accident, the Company paying one-half of the premiums. Some 15,000 Home Office and field employees have availed themselves of this offer. The policy provides for the payment of two-thirds salary during the first twenty-six weeks of illness, beginning with the eighth day of sickness. From the beginning of the twenty-seventh week of sickness to the expiration of the fifth year of sickness, one-half the original benefit is paid. After this time until the employee reaches age 65, one-quarter of the original benefit is paid. The Company has provided for the first seven days of sickness by a graduated scale of absence credits against which an employee may charge days of absence due to sickness or other unavoidable absences not provided for by the Disability policy. In other words, there is complete provision against sickness.

1914—Life Insurance.

In conjunction with this the Company offered to employees earning less than $5,000, life insurance to the amount of one year's salary to the maximum of $2,500.

1914—Care after Illness.

Provision was made by the Medical Division to have Clerks report to it after absence due to illness. This was for the double purpose of preventing employees from returning to work before they were completely cured and of protecting active Clerks from contagion.

1914—Nursing for Clerks.

Clerks living alone and others in special need of the care of a Visiting Nurse were visited by a Nurse on the Home Office Staff.

1914—Annual Medical Examination.

An annual examination was organized for all Home Office employees. This was extended to the Field Force during the following year. The purpose of this is to discover serious con-

ditions in incipient stages and in this way secure immediate treatment for such persons as would require it. As a result of this a number of cases of diseases of the lungs, heart, etc., have been discovered, early treatment has been recommended and lives have been lengthened.

1915—Rest Periods.

A rest period of 5 minutes in the morning and 5 minutes in the afternoon for Home Office Clerks was instituted. This is a play period which results in complete recuperation from fatigue and strain. Meanwhile the windows are thrown open and the air of the rooms is freshened and changed.

1915—Company Outing.

The Company granted a half-day vacation to all employees desiring to go on an outing to Asbury Park. Some 1,700 persons went on the excursion. This was repeated in 1916.

1915—Dental Division.

A Dental Division was organized for Home Office employees. Teeth are cleansed and examined semi-annually and Clerks referred to their own dentists for treatment. Over 2,500 persons have availed themselves of the Company's offer. In 1917 the Company proposes to offer repair work for employees at cost. The Dental rooms are as fine if not finer than any such rooms anywhere, in respect of neatness, sanitation, furniture, instruments and facilities for sterilization. An X-ray apparatus is constantly used to discover obscure causes of disease, abscesses, etc.

1915—Band.

The Company's Band of 110 pieces was started by employees. This has become a widely known organization and is greatly in demand for parades, etc. The Company furnished the uniforms and practice rooms.

1915—Attendance Banner.

Deductions for lateness of Home Office employees were discontinued. In its place various banners have been offered to the sections with the best attendance records and keen rivalry and interest have been aroused.

1915—Sewing and Millinery Classes.

Trained instructors were provided and rooms furnished for sewing classes. Attendance is voluntary and a large number of employees have availed themselves of the opportunity to

receive expert instruction after business hours. Millinery classes were started in 1916.

1915—Gymnasium Classes.

Special classes in corrective exercise for female Clerks were organized and held regularly during the winter months.

1916—Mandolin Club.

A mandolin club was organized among the Home Office employees. It is probable that this will soon occupy a place as important as that now held by the Glee Club and the Band.

1916—Extra Pay.

Because of the abnormally high cost of living the Board of Directors authorized the payment of additional compensation to employees receiving salaries of $2,080 per year or less. This measure provided for an addition to salaries of approximately $127,000.

1916—Rest House at Mount McGregor.

The Rest House was completed and opened on the Sanatorium grounds at Mount McGregor. It is a large and handsome building in the same style as the others, and contains 80 rooms with living facilities, a large common room handsomely furnished by the Veteran Superintendents of the Company, and rooms for some of the official staff of the Sanatorium. The Rest House is for non-tuberculous Agents and Clerks, chiefly convalescents and those suffering from nervous breakdown.

List of Health and Welfare Publications.

Below is a statement showing approximately the total number of our Welfare publications distributed, including those printed and circulated in *The Metropolitan* the Company's magazine, since the date of their issue to January 1, 1917.

Issued		
1909	War on Consumption	6,251,975
1910	Directions for Living and Sleeping, etc.	480,470
1910	From Flies and Filth—Circular	6,085,000
1910	Sleeping Shack—Circular	566,550
1910	Wax Cups	34,346,800
1912	Tuberculosis Sanatoria Lists (1912 Edition)	11,100
1912	The Child—English	2,746,429
1912	Welfare Work—Policy-holders	658,775
1912	Welfare Work—Employees	462,185
1912	Welfare Work—Visiting Nurse Service	958,535
1912	Baby Circular	5,975,160
1912	Folding Cups	1,837,075
1912	Milk Circular	6,047,250
1912	Teeth, Tonsils and Adenoids—English	3,042,320
1913	Fake Consumption Cures	5,029,310
1913	Smallpox and Its Prevention—English	862,670
1913	Teeth, Tonsils and Adenoids—French, German, Italian, Spanish, Polish and Yiddish	1,036,680
1913	The Child—French, German, Italian, Polish and Yiddish	1,137,025
1913	The Health of the Worker—English	1,595,650
1913	The Health of the Worker—French	189,135
1913	Consumption Circular	1,100,235
1913	Day in the Life of a Fly	1,801,775
1913	Health Campaign Circular	626,840
1913	Health and Happiness League Pledge Folder	441,540
1913	Clean-up Circular	2,864,060
1913	Amendment No. 2	414,000
1913	National Employment Exchange	700,000
1914	All About Milk	899,750
1914	First Aid in the Home	1,155,110
1914	A Magic Book of Health Rules	617,275
1914	Measles	4,882,995
1914	Scarlet Fever	890,675
1914	Smallpox and Its Prevention—French	127,950
1914	Typhoid Fever and How to Prevent It—English	1,236,620
1914	Typhoid Fever and How to Prevent It—French	108,570
1914	Welfare Publication Catalogue	216,114
1914	Whooping-cough	5,221,420
1914	Baby Circular—French	90,560
1914	Health and Happiness League Pledge Folder—Canadian	18,600
1914	Health and Happiness League Pledge Folder—French	7,375
1914	Welfare Publications—Circular	4,357,600
1914	Veteran League Applications	351,200
1914	Tenement House Circular	249,000
1914	Tuberculosis Sanatorium Circular	127,500
1914	Trachoma Circular	25,000
1914	Quarantine Circular	25,000
1914	Circular on Colds	400,000
1914	Circular on Typhoid Fever	400,000
1915	Baby Circular—Spanish	25,350
1915	Whooping-cough—French	76,310
1915	Measles—French	66,445
1915	Cancer	483,625
1915	Diphtheria	515,075
1915	Safety First	770,015
1915	Pellagra	218,460
1915	The Light That Never Fails. (Distributed in 1916 as a Welfare Publication.)	4,184,675
1915	First Aid—French	99,410
1915	All About Milk—French	93,660
1915	Malaria	236,875
1915	Hookworm	132,050
1915	How to Live Long	716,550
1915	Leisure	4,290,875
1915	Guardian Angel	4,255,400
1915	Play	4,202,700
1915	Chinese Doctors	4,231,260
1915	To Mothers and Fathers	4,240,225
1915	Marriage	4,266,030
1915	Fatigue	4,294,200
1915	Seven Ages of Woman	4,261,275
1915	What Do I Spend?	1,362,875
1915	War on Consumption—Spanish	17,500
1915	Health Campaign Circular—Spanish	32,600
1915	Health Codes	286,000
1915	State Employment Bureau	370,000
1915	Special Campaign Circular	65,000
1916	How to Live Long—French	3,850
1916	Infantile Paralysis	650,000
1916	Baby Week	170,000
1916	Circular re Health Officers in Washington	18,000
	Almanac	5,685,000
	GRAND TOTAL...	154,998,148